

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 14, 2013

WELL WORK PERMIT

Horizontal 6A Well

This permit, API Well Number: 47-6900169, issued to CHESAPEAKE APPALACHIA, L.L.C., 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: CLARENCE FARMER OHI 6H

Farm Name: FARMER, CLARENCE S., SR. & Cl

API Well Number: 47-6900169

Permit Type: Horizontal 6A Well

Date Issued: 05/14/2013

Promoting a healthy environment.



PERMIT CONDITIONS

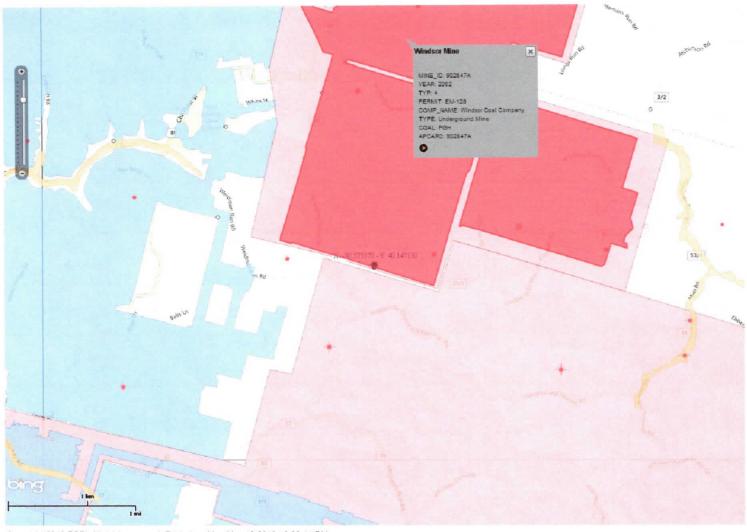
West Virginia Code § 22-6A-8(d) allows the Office of Oil and Gas to place specific conditions upon this permit. Permit conditions have the same effect as law. <u>Failure to adhere to the specified permit conditions may result in enforcement action.</u>

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 § 22-6A-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.
- 2. When compacting fills, each lift before compaction shall not be more than 12 inches in height, and the fill material shall be within plus or minus 2% (unless soil test results show a greater range of moisture content is appropriate and 95% compaction can still be achieved) of the optimum moisture content as determined by the standard proctor density test, ASTM D698, Standard Test Method for Laboratory Compaction Characteristics of Soil Using Standard Effort. Each lift must meet 95% compaction of the optimum density based on results from the standard proctor density test of the actual soils used in specific engineered fill sites. 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.
- 3. 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.
- 4. 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.
- 5. 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.

Map from a Flex Viewer application

Powered by ArcGIS



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Drilling into a mine.

LKC

STATE OF WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS W.VA. CODE §22-6A - WELL WORK PERMIT APPLICATION

1) Well Operator: Chesap	peake Appalachia, LLC	494477557	69- Ohio	3- Liberty	247- Bethany
		Operator ID	County	District	Quadrangle
2) Operator's Well Numb	er: Clarence Farmer OHI 6H		Well Pad Nai	me: Clarence Farm	er OHI Pad
3 Elevation, current grou	nd: 1,330'	Elevation, proposed	post-constru	ction:	1,330'
4) Well Type: (a) Gas Other	Oil				
(b) If Gas:		Deep		-)	MJK 3/26/2013
5) Existing Pad? Yes or N	No: Yes				3/2/
6) Proposed Target Form Target formation-Marcellus, Target	ation(s), Depth(s), Antication TVD- 6295, Target base TVD- 63	ipated Thicknesses and 355,* Anticipated thickness- 60,	nd Associated Associated Pressu	d Pressure(s):	
7) Proposed Total Vertica	al Depth: 6,330'				
8) Formation at Total Ve	-				
9) Proposed Total Measu		-			
10) Approximate Fresh V		425'			
11) Method to Determine		From the deepest water we	ll in a 5.000' radius		
12) Approximate Saltwat		Trom and deepeer mater me			
13) Approximate Coal So		in a leaset other).	707! Abanda	ned Mine	
14) Approximate Depth t			727' Abando	that welconductory and the second A.	
15) Does land contain co		acent to, active mine	. <u>No</u>		
16) Describe proposed w	ell work:				
	ones between and including the Benson				
	tom of void and grout from basket to su		20' below void nor m	nore than 50° below vo	old.
(*If freshwater is encountered dee	per than anticipated it must be protected	ed, set casing 50' below and cts)			
the wellbore until the entire latera	stimulating methods in de formation and stimulated with a slurry of wate I has been stimulated within the target ace facilities consisting of high pressur	er, sand, and chemical additives at a hi formation. All stage plugs are the	en drilled out and th	e well is flowed back t	
					2013
18) Total area to be distu	urbed, including roads, st	ockpile area, pits, etc	e, (acres):	14.7	05,00
19) Area to be disturbed	for well pad only, less ac	ccess road (acres):	6.6		La Part
				Fire	

20)

CASING AND TUBING PROGRAM

ТҮРЕ	Size	New or Used	Grade	Weight per ft.	FOOTAGE: For Drilling	INTERVALS: Left in Well	CEMENT: Fill -up (Cu. Ft.)
Conductor	20"	New	J-55	94#	100'	100'	CTS
Fresh Water	13 3/8"	New	J-55	54.5#	540'	540'	500 sx/CTS
Coal	9 5/8"	New	J-55	40#	2,100'	2,100'	800 sx/CTS
Intermediate	7"	New	P-110	20#	If Needed	✓ If Needed	If Needed/As Needed
Production	5 1/2"	New	P-110	20#	16,400'	16,400'	Lead 1,020 sx Tail 1,790 sx/100' inside intermediate
Tubing	2 3/8"	New	N-80	4.7#	Approx. 6,672'	Approx. 6,672'	
Liners						20	

19K 3/26/2013

TYPE	Size	Wellbore Diameter	Wall Thickness	Burst Pressure	Cement Type	Cement Yield
Conductor	20"	30"	0.25	2120	15.6 ppg	1.19/50% Excess
Fresh Water	13 3/8"	17.5"	0.380	2740	15.6 ppg	1.19/50% Excess
Coal	9 5/8"	12 1/4"	0.395	3950	15.6 ppg	1.19/50% Excess
Intermediate	7"	8 3/4"	.0317	4360	15.6 ppg	1.20/15% Excess
Production	5 1/2"	8 3/4"	0.361	12360	15.6 ppg	1.20/15% Excess
Tubing	2 3/8"	4.778"	0.190			
Liners						

PACKERS

Kind:	10K Arrowset AS1-X	pa	23. 2013
Sizes:	5 1/2"		too
Depths Set:	Approx. 6,197'		A TOTAL PROPERTY.

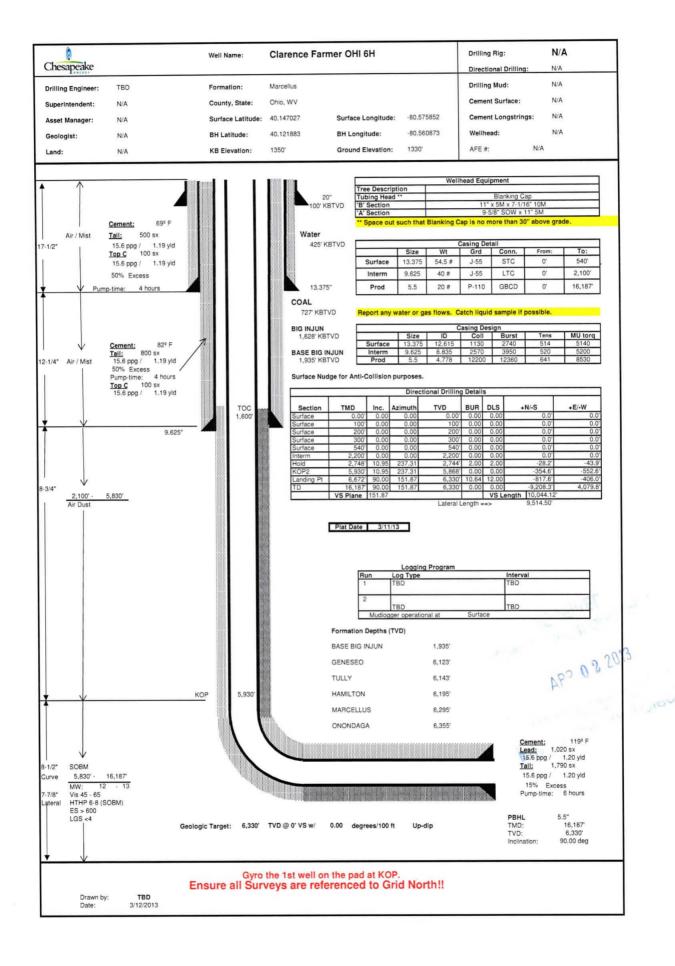
Describe centralizer placement for each casing string.	
All casing strings will be ran with a centralizer at a minimum of 1 per every 3 joints of casing.	
2) Describe all cement additives associated with each cement type.	
**Please see attached sheets for Chemical Listing of Cement & Additives for Chesapeake Energy wells.	
3) Proposed borehole conditioning procedures.	
All boreholes will be conditioned with circulation and rotation for a minimum of one bottoms up and continuing ur	rtil
operator is satisfied with borehole conditions.	

*Note: Attach additional sheets as needed.



<u>Chemical Name</u>	CAS Number	% Concentration Used
Fuller's earth (attapulgite)	8031-18-3	0.2% BWOC
Polypropylene glycol	25322-69-4	
polyethylene terephthalate	25038-59-9	0.125 lb/sk
calcium chloride	10043-52-4	2% BWOC
		270 2000
polyethylene terephthalate	25038-59-9	1 lb/bbl
bentonite	1302-78-9	20 lb/bbl
Fuller's earth (attapulgite)	8031-18-3	0.2% BWOC
Polypropylene glycol	25322-69-4	
polyethylene terephthalate	25038-59-9	0.125 lb/sk
sodium chloride	7647-14-5	10% BWOW
chrystalline silica	14808-60-7	0.15% BWOC
		311070 21100
bentonite	1302-78-9	20 lb/bbl
polyethylene terephthalate	25038-59-9	1 lb/bbl
product classified as non-hazardous.		0.05 gal/sk
product classified as non-hazardous		0.01 gal/sk
polypropylene glycol	25322-69-4	0.02 gal/sk
		o.oz ganok
	151	
Carbohydrate	proprietary	1 lb/bbl
Silica Organic Polymer	proprietary	0.1 gal/bbl
barium sulfate	7727-43-7	310 lb/bbl
fatty acid amine	proprietary	
ethoxylated alcohol	proprietary	
glycerol	56-81-5	
2.2'-Iminodiethanol	111-42-2	1 gal/bbl
		. 9011001
aliphatic amide polymer	proprietary	0.35% BWOC
non-crystalline silica	7631-86-9	6% BWOC
boric acid	10043-35-3	0.8% BWOC
Fuller's earth (attapulgite)	8031-18-3	5.570 BVV00
Polypropylene glycol	25322-69-4	0.2% BWOC
chrystalline silica	14808-60-7	5.270 BVV66
metal oxide	proprietary	0.2% BWOC
sulphonated synthetic polymer	proprietary	7.27 ZVVOO
formaldehyde (impurity)	50-00-0	0.3% BWOC
Fuller's earth (attapulgite)	8031-18-3	0.3 % BVVOC
Polypropylene glycol	25322-69-4	0.2% BWOC
aliphatic amide polymer	proprietary	0.35% BWOC
Sodium Polynaphthalene Sulfonate	9008-63-3	0.33% BVVUC
Sodium Sulfate	7757-82-6	0.25% BWOC
	11101-02-0	U.25% BVVUC

03 2013



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

Operator Name_Chesapeake Appalach	iia, LLC	OP Code		194477557	- 3/26/
Watershed_Upper Ohio South	Qua	adrangle 247- Bethany			_
Elevation 1,330'	County 69- Ohio	Distric	ct_3- Liberty		_
Description of anticipated Pit Waste	: Closed loop system in place at this t	ime - cuttings will be take	n to a permitte	d landfill.	_
Do you anticipate using more than 5	,000 bbls of water to complete the	proposed well work?	Yes xx	No	
Will a synthetic liner be used in the	pit? If so, w	hat mil.?			
Reuse (a	plication bund Injection (UIC Permit Numb at API Number_at next anticipated well, API Disposal (Supply form WW-9 for	# will be included with the WR-34/	DDMR &/or permit	addendum	_)
Other (E	xplain_Flow back fluids will be put in steel tank	s and reused or taken to a permitt	ed disposal facility		_
Drilling medium anticipated for this -If oil based, what type? S Additives to be used?see attached	ynthetic, petroleum, etc. Synthetic	etc. Air and salt saturate Oil Base	mud		_
Will closed loop system be used ? Y	es				
Drill cuttings disposal method? Lea	ive in pit, landfill, removed offsite	, etc. Landfill			
-If left in pit and plan to so	olidify what medium will be used? ermit number? Meadowfill SWF-103	2. SS Grading SWF-4902	. Northwestern	SWF-1025	
Short Creek 1034/WV0109517 / CID28726 , Arden La	andfill 100172, Carbon Limestone 28726/CID 28726.	American 02-12954, Country Wid	le 38390/CID 3839	0, Pine Grove 13688	
on August 1, 2005, by the Office o provisions of the permit are enforce or regulation can lead to enforceme	eable by law. Violations of any tent action. I law that I have personally example to the tent of the	n Department of Environment of Environment of the mined and am familia quiry of those individud complete. I am away	onmental Progeneral perm r with the ituals immedia	ntection. I underst nit and/or other appropriately responsible for e are significant p	tend that the plicable law tted on this for obtaining penalties for
Company Official Signature			- 2	2 301	<u>5</u>
Company Official (Typed Name)	Danielle Southall			APR 02 501	- in
Company Official Title Regulatory					_
					=
Subscribed and sworn before me th	is day of	nch	_, 20_13	_	
Brittary & Wood	4	N	otary Public		~~~~
My commission expires 1177	M/h			Notary Publi BRITT 3302 Buckha	FICIAL SEAL c, State of West Virginia ANY R WOODY Old Elkins Hoad annon, WV 26201 n expires November 27, 2022

Property Boundary	Diversion	
Road ====================================	Spring	
Existing Fence ———————————————————————————————————	Wet Spot	5
Planned Fence///	Drain Pipe w/ size in inches	
Stream	Waterway ==	\rightarrow
Open Ditch	Cross Drain 7777777777	7111111111
Rock O O	Artificial Filter Strip XXXXXXXXXXXXX	XXXXXXXXXXXXXXX
North N	Pit: Cut Walls	TITIS
Buildings	Pit: Compacted Fill Walls	-times
Water Wells	Area for Land Application	unture.
Drill Sites	of Pit Waste	
Proposed Revegetation Treatment: Acres Disturbed 10 +/-	Prevegetation pH	
Lime $\underline{\text{as determined by pH test min. 2}}$ Tons/acre or to correct to pH $\underline{\text{6.5}}$		
Fertilizer (10-20-20 or equivalent) 500 lbs/acre	e (500 lbs minimum)	
Mulch_Hay/Straw 2.5Tons/acre		
Seed M	lixtures	
	Area II	r
Area I Seed Type lbs/acre	Seed Type	lbs/acre
	White Clover	15
Red Top 15	Red Top	15
		-
Orchard Grass 20	Orchard Grass	20
Attach:		
Drawing(s) of road, location,pit and proposed area for land applica-	tion.	
Photocopied section of involved 7.5' topographic sheet.		.0
		\$ 5012
Plan Approved by: Layn J	APR	- 1- 1
Plan Approved by.		
Comments:		
	-	
Title: Oil and Gas Inspector	Date: 3 26 2013	
Field Reviewed?	No	

Marcellus Well Drilling Procedures And Site Safety Plan

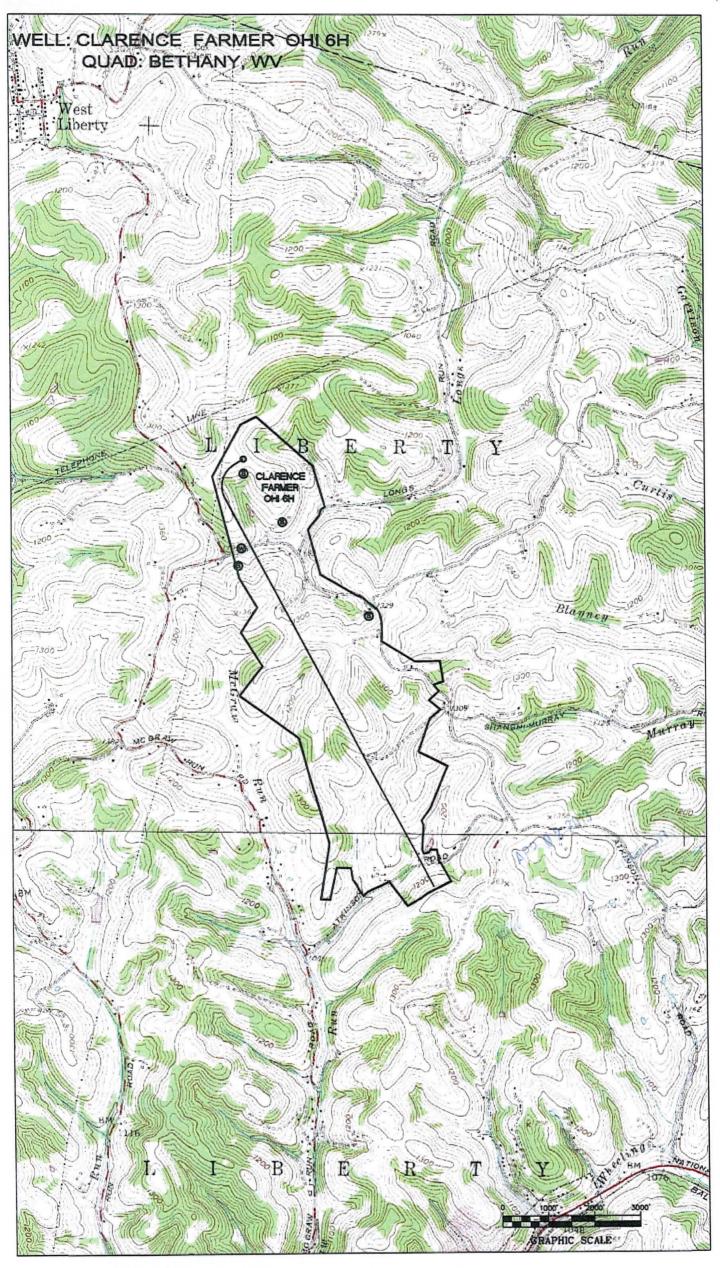
Chesapeake Appalachia, LLC

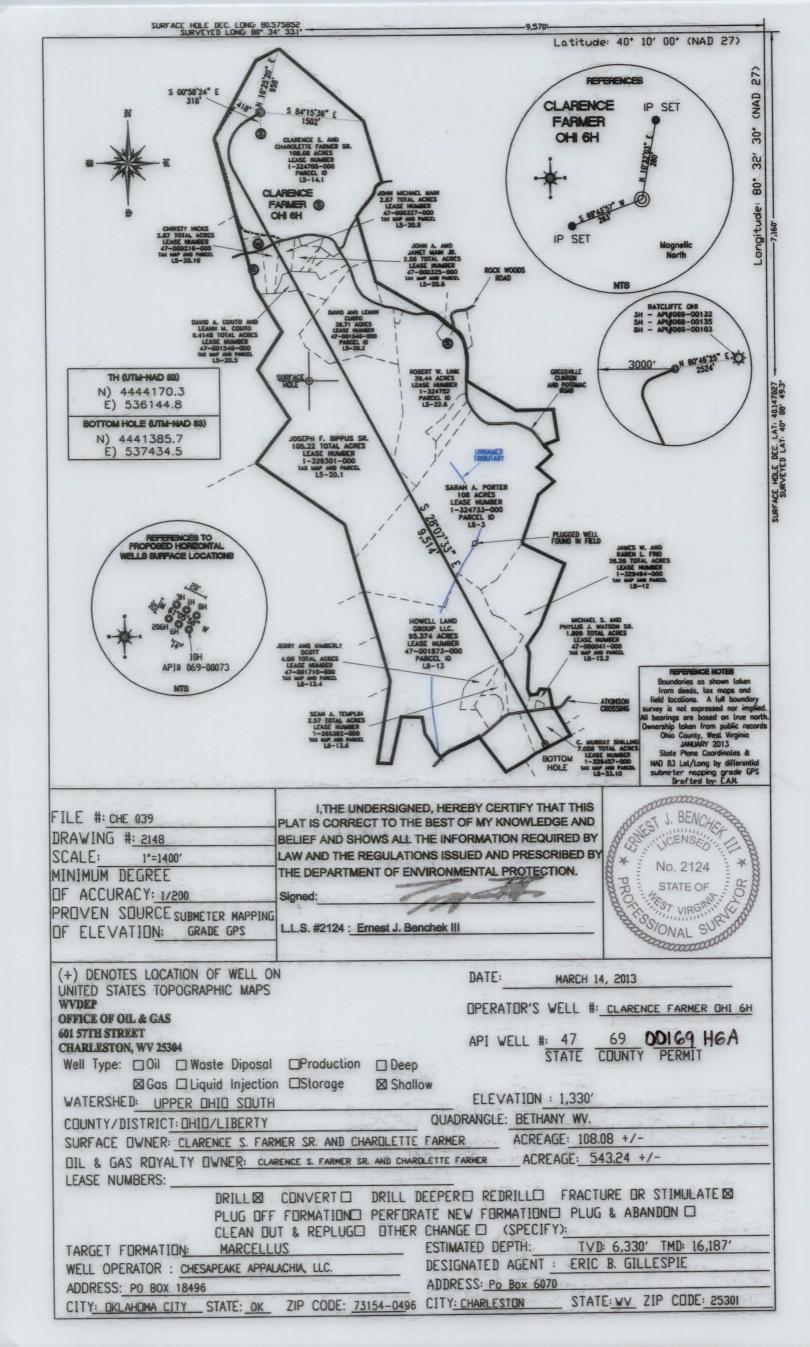
47 - 69 Well name: Clarence Farmer OHI 6H
Bethany, Quad
Liberty, District
Ohio County, West Virginia

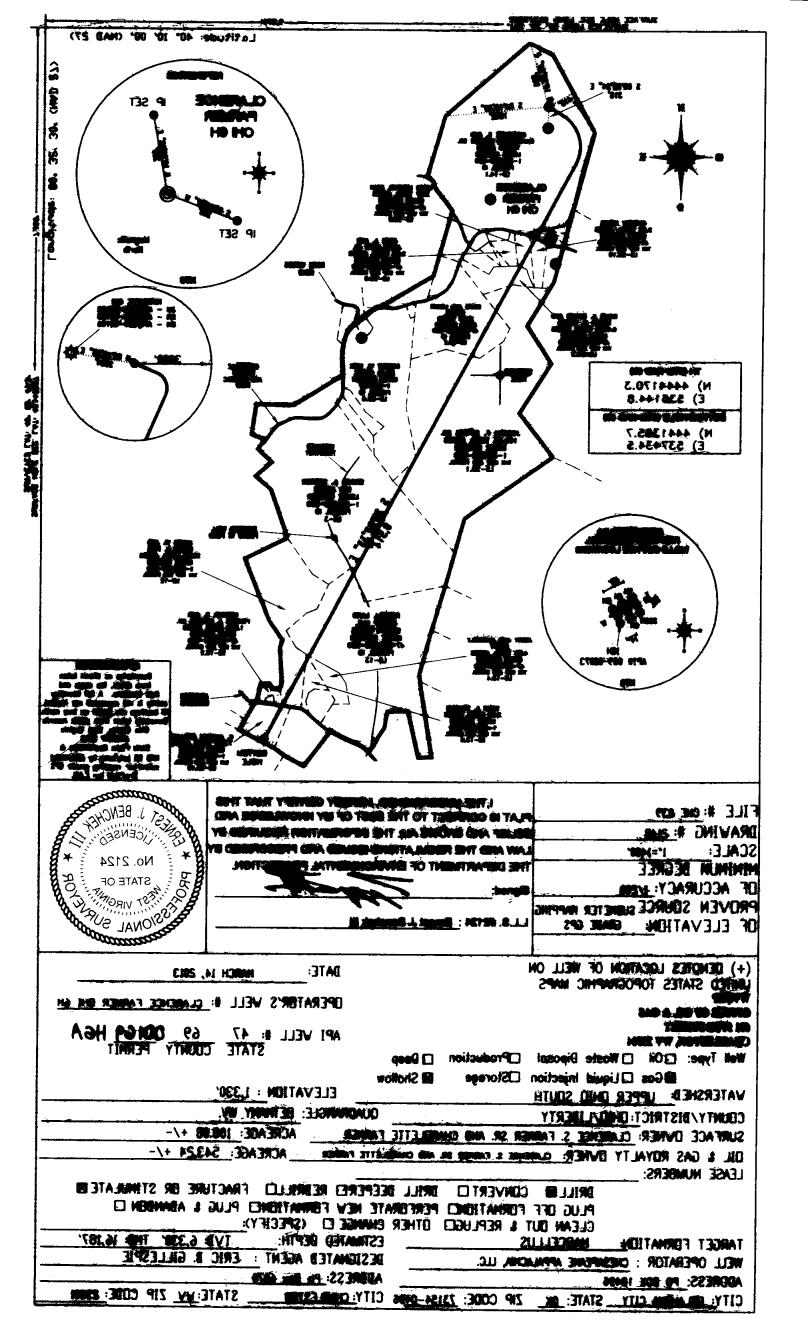
78/30/30/3

Submitted by: Danielle Southall	Date:	3/18/2013
Title Regulatory Analyst II	Chesapeake	Appalachia, LLC
Approved by:		
	Date:	
Title:		
Approved by:		
	Date:	
Title:	-	
Chesapeake Appalachia, L.L.C Confidenti	al	

APR 0 2 2013







STATE OF WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS NOTICE CERTIFICATION

Date of Notice Certification: Operator's Well No. Clarence Farmer OHI 6H Well Pad Name: Clarence Farmer OHI Pad Notice has been given: Pursuant to the provisions in West Virginia Code § 22-6A, the Operator has provided the required parties with the Notice Forms listed below for the tract of land as follows: 536144.8 West Virginia Easting: State: UTM NAD 83 4444170.3 County: 69- Ohio Northing: 3- Liberty Public Road Access: Gregsville Clinton and Potomac Road District: Generally used farm name: Clarence Farmer Ouadrangle: 247- Bethany Watershed: Upper Ohio South Pursuant to West Virginia Code § 22-6A-7(b), every permit application filed under this section shall be on a form as may be prescribed by the secretary, shall be verified and shall contain the following information: (14) A certification from the operator that (i) it has provided the owners of the surface described in subdivisions (1), (2) and (4), subsection (b), section ten of this article, the information required by subsections (b) and (c), section sixteen of this article; (ii) that the requirement was deemed satisfied as a result of giving the surface owner notice of entry to survey pursuant to subsection (a), section ten of this article six-a; or (iii) the notice requirements of subsection (b), section sixteen of this article were waived in writing by the surface owner; and Pursuant to West Virginia Code § 22-6A-11(b), the applicant shall tender proof of and certify to the secretary that the notice requirements of section ten

Pursuant to West Virginia Code § 22-6A, the Operator has attached proof to this Notice Certification that the Operator has properly served the required parties with the following:	OOG OFFICE USE
*PLEASE CHECK ALL THAT APPLY	ONLY
☐ 1. NOTICE OF SEISMIC ACTIVITY or SEISMIC ACTIVITY WAS CONDUCTED	RECEIVED/ NOT REQUIRED
☐ 2. NOTICE OF ENTRY FOR PLAT SURVEY or ■ NO PLAT SURVEY WAS CONDUCTED	RECEIVED
■ 3. NOTICE OF INTENT TO DRILL or NOTICE NOT REQUIRED BECAUSE NOTICE OF ENTRY FOR PLAT SURVEY WAS CONDUCTED or	RECEIVED/ NOT REQUIRED
WRITTEN WAIVER BY SURFACE OWNER (PLEASE ATTACH)	
4. NOTICE OF PLANNED OPERATION	RECEIVED
■ 5. PUBLIC NOTICE	☑ RECEIVED
6. NOTICE OF APPLICATION	RECEIVED

Required Attachments:

of this article have been completed by the applicant.

The Operator shall attach to this Notice Certification Form all Notice Forms and Certifications of Notice that have been provided to the required parties and/or any associated written waivers. For the Public Notice, the operator shall attach a copy of the Class II Legal Advertisement with publication date verification or the associated Affidavit of Publication. The attached Notice Forms and Certifications of Notice shall serve as proof that the required parties have been noticed as required under West Virginia Code § 22-6A. Pursuant to West Virginia Code § 22-6A-11(b), the Certification of Notice to the person may be made by affidavit of personal service, the return receipt card or other postal receipt for certified mailing.

By:

Its:

Certification of Notice is hereby given:

THEREFORE, I Danielle Southall , have read and understand the notice requirements within West Virginia Code § 22-6A. I certify that as required under West Virginia Code § 22-6A, I have served the attached copies of the Notice Forms, identified above, to the required parties through personal service, by registered mail or by any method of delivery that requires a receipt or signature confirmation. I certify under penalty of law that I have personally examined and am familiar with the information submitted in this Notice Certification and all attachments, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

Well Operator: Chesapeake Appalachia, LLC

Danielle Southall
Regulatory Analyst II

Telephone: 304-517-1416

Address: PO Box 1300

Jane Lew, WV 26378

Facsimile: 304-471-2497

Email: danielle.southall@chk.com

Notary SEAL
OFFICIAL SEAL
Notary Public, State of West Virginia
BRITTANY R WOODY
3302 Old Elkins Road
Buckhannon, WV 26201
My commission expires November 27, 2022

Subscribed and sworn before me this

Notary Public

My Commission Expires

Oil and Gas Privacy Notice:

The Office of Oil and Gas processes your personal information, such as name, address and telephone number, as 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 or your personal information, please contact DEP's Chief Privacy Officer at depprivacyofficer@wv.gov.



API NO. 47- 69- Ohio - OO 16 9
OPERATOR WELL NO. Clarence Farmer OHI 6H
Well Pad Name: Clarence Farmer OHI Pad

STATE OF WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS NOTICE OF APPLICATION

Notice Time Requirement: notice shall be provided no later than the filing date of permit application.

Date of Notice: 4212 Date Permit Application Filed: 4213 Notice of: PERMIT FOR ANY CERTIFICATE OF APPROVAL FOR THE CONSTRUCTION OF AN IMPOUNDMENT OR PIT WELL WORK Delivery method pursuant to West Virginia Code § 22-6A-10(b) REGISTERED ☐ METHOD OF DELIVERY THAT REQUIRES A PERSONAL RECEIPT OR SIGNATURE CONFIRMATION **SERVICE** MAIL Pursuant to W. Va. Code § 22-6A-10(b), no later than the filing date of the application, the applicant for a permit for any well work or for a certificate of approval for the construction of an impoundment or pit as required by this article shall deliver, by personal service or by registered mail or by any method of delivery that requires a receipt or signature confirmation, copies of the application, the erosion and sediment control plan required by section seven of this article, and the well plat to each of the following persons: (1) The owners of record of the surface of the tract on which the well is or is proposed to be located; (2) The owners of record of the surface tract or tracts overlying the oil and gas leasehold being developed by the proposed well work, if the surface tract is to be used for roads or other land disturbance as described in the erosion and sediment control plan submitted pursuant to subsection (c), section seven of this article; (3) The coal owner, operator or lessee, in the event the tract of land on which the well proposed to be drilled is located [sic] is known to be underlain by one or more coal seams; (4) The owners of record of the surface tract or tracts overlying the oil and gas leasehold being developed by the proposed well work, if the surface tract is to be used for the placement, construction, enlargement, alteration, repair, removal or abandonment of any impoundment or pit as described in section nine of this article; (5) Any surface owner or water purveyor who is known to the applicant to have a water well, spring or water supply source located within one thousand five hundred feet of the center of the well pad which is used to provide water for consumption by humans or domestic animals; and (6) The operator of any natural gas storage field within which the proposed well work activity is to take place. (c)(1) If more than three tenants in common or other co-owners of interests described in subsection (b) of this section hold interests in the lands, the applicant may serve the documents required upon the person described in the records of the sheriff required to be maintained pursuant to section eight, article one, chapter eleven-a of this code. (2) Notwithstanding any provision of this article to the contrary, notice to a lien holder is not notice to a landowner, unless the lien holder is the landowner. Notice is hereby provided to: COAL OWNER OR LESSEE ■ SURFACE OWNER(s) Name: Clarence & Charlotte Farmer, Sr. Name: Windsor Coal Company Address: 3589 GC & P Road Address: 1000 Consol Energy Drive Canonsburg, PA 26059 Valley Grove, WV 26060 Name: COAL OPERATOR Address: Name: Address: SURFACE OWNER(s) (Road and/or Other Disturbance) ■ WATER PURVEYOR(s) Address: Name: James Loew Address: 307 Harvey Road Name: Valley Grove, WV 26060 Address: OPERATOR OF ANY NATURAL GAS STORAGE ☐ SURFACE OWNER(s) (Impoundments/Pits) FIELD Name: Name: Address: Address: *Please attach additional forms if necessary

API NO. 47- 69- Ohio OPERATOR WELL NO. Clarence Farmer OHI 6H
Well Pad Name: Clarence Farmer OHI Pad

STATE OF WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS NOTICE OF APPLICATION

Notic Date	ce Time Requirement: notice shall be provided no later that of Notice: 4213 Date Permit Application Filed:	the filing date of permit application.						
Noti	ce of:							
	PERMIT FOR ANY WELL WORK CONSTRUCTION OF AN IMPOUNDMENT OR PIT							
Deli	very method pursuant to West Virginia Code § 22-6A-10	(b)						
		OD OF DELIVERY THAT REQUIRES A PT OR SIGNATURE CONFIRMATION						
for a or by erosi own tract or of this [sic] gas enla surfathou anim more land main cont	certificate of approval for the construction of an impounding registered mail or by any method of delivery that required ion and sediment control plan required by section seven of the surface of the tract on which the well is or tracts overlying the oil and gas leasehold being developed ther land disturbance as described in the erosion and sedimentarticle; (3) The coal owner, operator or lessee, in the event is known to be underlain by one or more coal seams; (4) The leasehold being developed by the proposed well work, regement, alteration, repair, removal or abandonment of any interest and five hundred feet of the center of the well pad which hals; and (6) The operator of any natural gas storage field we than three tenants in common or other co-owners of interest, the applicant may serve the documents required upon	date of the application, the applicant for a permit for any well work or the person that or pit as required by this article shall deliver, by personal service are a receipt or signature confirmation, copies of the application, the this article, and the well plat to each of the following persons: (1) The or is proposed to be located; (2) The owners of record of the surface d by the proposed well work, if the surface tract is to be used for roads and control plan submitted pursuant to subsection (c), section seven of the tract of land on which the well proposed to be drilled is located the owners of record of the surface tract or tracts overlying the oil and if the surface tract is to be used for the placement, construction, impoundment or pit as described in section nine of this article; (5) Any to have a water well, spring or water supply source located within one in is used to provide water for consumption by humans or domestic within which the proposed well work activity is to take place. (c)(1) If the rests described in subsection (b) of this section hold interests in the the person described in the records of the sheriff required to be as of this code. (2) Notwithstanding any provision of this article to the sess the lien holder is the landowner.						
	SURFACE OWNER(s)	☐ COAL OWNER OR LESSEE						
	ne:	Name:						
Add	ress:	Address:						
	ne:	COAL OPERATOR Name:						
	SURFACE OWNER(s) (Road and/or Other Disturbance)	Address:						
	ne:	and the second						
Add	lress:	■ WATER PURVEYOR(s)						
N		Name: David Gilbert Sr. x2						
Nan	ne:	Address: 253 Harvey Road Wheeling, WV 26003 OPERATOR OF ANY NATURAL GAS STORAGE FIELD Name:						
		100 0.7						
	CLIDEA CE OWNED(-) (I	☐ OPERATOR OF ANY NATURAL GAS STORAGE						
SURFACE OWNER(s) (Impoundments/Pits) FIELD								
Name:								
Add	lress:	Address:						
		*Please attach additional forms if necessary						

API NO. 47- 69- Ohio OPERATOR WELL NO. Clarence Farmer OHI 6H
Well Pad Name: Clarence Farmer OHI Pad

STATE OF WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS NOTICE OF APPLICATION

Notice Time Requirement: notice shall be provided no later that Date of Notice: 43 3 Date Permit Application Filed:	n the filing date of permit application.			
Notice of:				
■ PERMIT FOR ANY	ROVAL FOR THE AN IMPOUNDMENT OR PIT			
Delivery method pursuant to West Virginia Code § 22-6A-10	(b)			
	OD OF DELIVERY THAT REQUIRES A PT OR SIGNATURE CONFIRMATION			
for a certificate of approval for the construction of an impoundnor by registered mail or by any method of delivery that require erosion and sediment control plan required by section seven of towners of record of the surface of the tract on which the well is tract or tracts overlying the oil and gas leasehold being developed or other land disturbance as described in the erosion and sedime this article; (3) The coal owner, operator or lessee, in the event [sic] is known to be underlain by one or more coal seams; (4) The gas leasehold being developed by the proposed well work, enlargement, alteration, repair, removal or abandonment of any is surface owner or water purveyor who is known to the applicant of thousand five hundred feet of the center of the well pad whice animals; and (6) The operator of any natural gas storage field we more than three tenants in common or other co-owners of intellands, the applicant may serve the documents required upon	date of the application, the applicant for a permit for any well work or ment or pit as required by this article shall deliver, by personal service es a receipt or signature confirmation, copies of the application, the his article, and the well plat to each of the following persons: (1) The or is proposed to be located; (2) The owners of record of the surface d by the proposed well work, if the surface tract is to be used for roads and control plan submitted pursuant to subsection (c), section seven of the tract of land on which the well proposed to be drilled is located the owners of record of the surface tract or tracts overlying the oil and if the surface tract is to be used for the placement, construction, impoundment or pit as described in section nine of this article; (5) Any to have a water well, spring or water supply source located within one h is used to provide water for consumption by humans or domestic within which the proposed well work activity is to take place. (c)(1) If the person described in subsection (b) of this section hold interests in the the person described in the records of the sheriff required to be a of this code. (2) Notwithstanding any provision of this article to the less the lien holder is the landowner.			
☐ SURFACE OWNER(s)	☐ COAL OWNER OR LESSEE			
Name:	Name:Address:			
Address:				
Name:Address:	COAL OPERATOR Name:			
SURFACE OWNER(s) (Road and/or Other Disturbance)	Address:			
Name: Address:	■ WATER PURVEYOR(s)			
Address.	Name: William Benson			
Name:	Address: 302 Harvey Road			
Address:	Wheeling, WV 26003			
SURFACE OWNER(s) (Impoundments/Pits) Name: Address:	OPERATOR OF ANY NATURAL GAS STORAGE FIELD Name: Address:			
/ tudi vooi	Audices.			
	*Please attach additional forms if necessary			

OPERATOR WELL NO. Clarence Farmer OHI 6H
Well Pad Name: Clarence Farmer OHI Pad

STATE OF WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS NOTICE OF APPLICATION

Noti Date	ce Time Requirement: notice sha e of Notice: 13 Date Permi	ill be provided no later that it Application Filed:	n the filing date of permit application.	
Noti	ce of:			
	PERMIT FOR ANY WELL WORK	CERTIFICATE OF APP. CONSTRUCTION OF A	ROVAL FOR THE AN IMPOUNDMENT OR PIT	
Deli	very method pursuant to West V	/irginia Code § 22-6A-10	(b)	
	PERSONAL REGIST SERVICE MAIL		OD OF DELIVERY THAT REQUIRES A PT OR SIGNATURE CONFIRMATION	
or been sown tractor or or othis [sic gas enla surf thou anir mor lanc mai con	y registered mail or by any meth ion and sediment control plan requers of record of the surface of the tor tracts overlying the oil and gas ther land disturbance as described article; (3) The coal owner, operal is known to be underlain by one leasehold being developed by the gement, alteration, repair, removated owner or water purveyor who usand five hundred feet of the centals; and (6) The operator of any the than three tenants in common of the complex of the applicant may serve the ontained pursuant to section eight, and the contrained pursuant to section eight.	and of delivery that required by section seven of the tract on which the well is the leasehold being developed in the erosion and sediment ator or lessee, in the event or more coal seams; (4) The proposed well work, all or abandonment of any it is known to the applicant of the well pad which natural gas storage field well work or other co-owners of interesting the documents required upon article one, chapter elevents	ment or pit as required by this article shall deliver, by person res a receipt or signature confirmation, copies of the application article, and the well plat to each of the following person for is proposed to be located; (2) The owners of record of the driving the proposed well work, if the surface tract is to be used to the tract of land on which the well proposed to be drilled the owners of record of the surface tract or tracts overlying the owners of record of the surface tract or tracts overlying the fifth the surface tract is to be used for the placement, continuoundment or pit as described in section nine of this article to have a water well, spring or water supply source located with its used to provide water for consumption by humans or within which the proposed well work activity is to take place the person described in subsection (b) of this section hold interest the person described in the records of the sheriff requires the lien holder is the landowner.	eation, the s: (1) The he surface I for roads in seven of is located he oil and instruction, he; (5) Any within one of domestic domestic de. (c)(1) If the sets in the fired to be
	SURFACE OWNER(s)		☐ COAL OWNER OR LESSEE	
Nar	me:		Name:	
Ado	dress:		Address:	
Nar	me:			
Add	dress:		☐ COAL OPERATOR	
			Name:	
	SURFACE OWNER(s) (Road an	nd/or Other Disturbance)	Address:	
Nai	ne:			
	dress:		■ WATER PURVEYOR(s)	
			Name: Clarence Sr. & Charlotte Farmer x4	
Na	me:		Address: 3589 GC & P Road	
Ad	dress:		Valley Grove, WV 26003	13
		1 (Dia-)	☐ OPERATOR OF ANY NATURAL GAS STORAGE	
Ш	SURFACE OWNER(s) (Impoun	aments/Pits)	FIELD	
	me:		Name:	
Ad	dress:		Address:	
			*Please attach additional forms if necessary	

API NO. 47- 69- Ohio OPERATOR WELL NO. Clarence Farmer OHI 6H
Well Pad Name: Clarence Farmer OHI Pad

STATE OF WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS NOTICE OF APPLICATION

Notice Time Requirement: notice shall be provided no later than the filing date of permit application. Date of Notice: 4213 Date Permit Application Filed: 4213 Notice of: ☐ CERTIFICATE OF APPROVAL FOR THE PERMIT FOR ANY CONSTRUCTION OF AN IMPOUNDMENT OR PIT WELL WORK Delivery method pursuant to West Virginia Code § 22-6A-10(b) ☐ METHOD OF DELIVERY THAT REQUIRES A ■ REGISTERED PERSONAL RECEIPT OR SIGNATURE CONFIRMATION SERVICE MAIL Pursuant to W. Va. Code § 22-6A-10(b), no later than the filing date of the application, the applicant for a permit for any well work or for a certificate of approval for the construction of an impoundment or pit as required by this article shall deliver, by personal service or by registered mail or by any method of delivery that requires a receipt or signature confirmation, copies of the application, the erosion and sediment control plan required by section seven of this article, and the well plat to each of the following persons: (1) The owners of record of the surface of the tract on which the well is or is proposed to be located; (2) The owners of record of the surface tract or tracts overlying the oil and gas leasehold being developed by the proposed well work, if the surface tract is to be used for roads or other land disturbance as described in the erosion and sediment control plan submitted pursuant to subsection (c), section seven of this article; (3) The coal owner, operator or lessee, in the event the tract of land on which the well proposed to be drilled is located [sic] is known to be underlain by one or more coal seams; (4) The owners of record of the surface tract or tracts overlying the oil and gas leasehold being developed by the proposed well work, if the surface tract is to be used for the placement, construction, enlargement, alteration, repair, removal or abandonment of any impoundment or pit as described in section nine of this article; (5) Any surface owner or water purveyor who is known to the applicant to have a water well, spring or water supply source located within one thousand five hundred feet of the center of the well pad which is used to provide water for consumption by humans or domestic animals; and (6) The operator of any natural gas storage field within which the proposed well work activity is to take place. (c)(1) If more than three tenants in common or other co-owners of interests described in subsection (b) of this section hold interests in the lands, the applicant may serve the documents required upon the person described in the records of the sheriff required to be maintained pursuant to section eight, article one, chapter eleven-a of this code. (2) Notwithstanding any provision of this article to the contrary, notice to a lien holder is not notice to a landowner, unless the lien holder is the landowner. Notice is hereby provided to: ☐ COAL OWNER OR LESSEE ☐ SURFACE OWNER(s) Name: Name: Address: Address: ☐ COAL OPERATOR Address: Name: Address: SURFACE OWNER(s) (Road and/or Other Disturbance) ■ WATER PURVEYOR(s) Address: Name: Mark & Anneliese Kaufman Address: RR 5 Box 420 Wheeling, WV 26003 Address: OPERATOR OF ANY NATURAL GAS STORAGE ☐ SURFACE OWNER(s) (Impoundments/Pits) FIELD Name: Address: Address: *Please attach additional forms if necessary

API NO. 47-69-0hio -

OPERATOR WELL NO. Clarence Farmer OHI 6H

Well Pad Name: Clarence Farmer OHI Pad

Notice is hereby given:

Pursuant to West Virginia Code § 22-6A-10(b), notice is hereby given that the undersigned well operator has applied for a permit for well work or for a certificate of approval for the construction of an impoundment or pit.

This Notice Shall Include:

Pursuant to W. Va. Code § 22-6A-10(b), this notice shall include: (1) copies of the application; (2) the erosion and sediment control plan required by section seven of this article; and (3) the well plat.

Pursuant to W. Va. Code § 22-6A-10(f), this notice shall also include: (1) a statement of the time limits for filing written comments; (2) who may file written comments; (3)the name and address of the secretary for the purpose of filing the comments and obtaining additional information; and (4) a statement that the persons may request, at the time of submitting written comments, notice of the permit decision and a list of persons qualified to test water.

Additional information related to horizontal drilling may be obtained from the Secretary, at the WV Department of Environmental Protection headquarters, located at 601 57th Street, SE, Charleston, WV 25304 (304-926-0450) or by visiting www.dep.wv.gov/oil-and-gas/pages/default.aspx.

Water Well Testing:

Pursuant to West Virginia Code § 22-6A-10(d), notification shall be made, with respect to surface landowners identified in subsection (b) or water purveyors identified in subdivision (5), subsection (b) of this section, of the opportunity for testing their water well.

Water Testing Laboratories:

Pursuant to West Virginia Code § 22-6A-10(i), persons entitled to notice pursuant to subsection (b) of this section may contact the department to ascertain the names and locations of water testing laboratories in the subject area capable and qualified to test water supplies in accordance with standard accepted methods. In compiling that list of names the department shall consult with the state Bureau for Public Health and local health departments.

Well Location Restrictions

Pursuant to W. Va. Code § 22-6A-12, Wells may not be drilled within two hundred fifty feet measured horizontally from any existing water well or developed spring used for human or domestic animal consumption. The center of well pads may not be located within six hundred twenty-five feet of an occupied dwelling structure, or a building two thousand five hundred square feet or larger used to house or shelter dairy cattle or poultry husbandry. This limitation is applicable to those wells, developed springs, dwellings or agricultural buildings that existed on the date a notice to the surface owner of planned entry for surveying or staking as provided in section ten of this article or a notice of intent to drill a horizontal well as provided in subsection (b), section sixteen of this article was provided, whichever occurs first, and to any dwelling under construction prior to that date. This limitation may be waived by written consent of the surface owner transmitted to the department and recorded in the real property records maintained by the clerk of the county commission for the county in which such property is located. Furthermore, the well operator may be granted a variance by the secretary from these distance restrictions upon submission of a plan which identifies the sufficient measures, facilities or practices to be employed during well site construction, drilling and operations. The variance, if granted, shall include terms and conditions the department requires to ensure the safety and protection of affected persons and property. The terms and conditions may include insurance, bonding and indemnification, as well as technical requirements. (b) No well pad may be prepared or well drilled within one hundred feet measured horizontally from any perennial stream, natural or artificial lake, pond or reservoir, or a wetland, or within three hundred feet of a naturally reproducing trout stream. No well pad may be located within one thousand feet of a surface or ground water intake of a public water supply. The distance from the public water supply as identified by the department shall be measured as follows: (1) For a surface water intake on a lake or reservoir, the distance shall be measured from the boundary of the lake or reservoir. (2) For a surface water intake on a flowing stream, the distance shall be measured from a semicircular radius extending upstream of the surface water intake. (3) For a groundwater source, the distance shall be measured from the wellhead or spring. The department may, in its discretion, waive these distance restrictions upon submission of a plan identifying sufficient measures, facilities or practices to be employed during well site construction, drilling and operations to protect the waters of the state. A waiver, if granted, shall impose any permit conditions as the secretary considers necessary. (c) Notwithstanding the foregoing provisions of this section, nothing contained in this section prevents an operator from conducting the activities permitted or authorized by a Clean Water Act Section 404 permit or other approval from the United States Army Corps of Engineers within any waters of the state or within the restricted areas referenced in this section. (d) The well location restrictions set forth in this section shall not apply to any well on a multiple well pad if at least one of the wells was permitted prior to the effective date of this article. (e) The secretary shall, by December 31, 2012, report to the Legislature on the noise, light, dust and volatile organic compounds generated by the drilling of horizontal wells as they relate to the well location restrictions regarding occupied dwelling structures pursuant to this section. Upon a finding, if any, by the secretary that the well location restrictions regarding occupied dwelling structures are inadequate or otherwise require alteration to address the items examined in the study required by this subsection, the secretary shall have the authority to propose for promulgation legislative rules establishing guidelines and procedures regarding reasonable levels of noise, light, dust and volatile organic compounds relating to drilling horizontal wells, including reasonable means of mitigating such factors, if necessary.

OPERATOR WELL NO. Clarence Farmer OHI 6H

Well Pad Name: Clarence Farmer OHI Pad

Written Comment:

Pursuant to West Virginia Code § 22-6A-11(a), all persons described in subsection (b), section ten of this article may file written comments with the secretary as to the location or construction of the applicant's proposed well work within thirty days after the application is filed with the secretary. All persons described in West Virginia Code § 22-6A-10(b) may file written comments as to the location or construction of the applicant's proposed well work to the Secretary at:

Chief, Office of Oil and Gas Department of Environmental Protection 601 57th St. SE Charleston, WV 25304 (304) 926-0450

Such persons may request, at the time of submitting written comments, notice of the permit decision and a list of persons qualified to test water. NOTE: YOU ARE NOT REQUIRED TO FILE ANY COMMENT.

Time Limits and Methods for Filing Comments.

The law requires these materials to be served on or before the date the operator files its Application. You have THIRTY (30) DAYS after the filing date to file your comments. Comments must be filed in person or received in the mail by the Chief's office by the time stated above. You may call the Chief's office to be sure of the date. Check with your postmaster to ensure adequate delivery time or to arrange special expedited handling. If you have been contacted by the well operator and you have signed a "voluntary statement of no objection" to the planned work described in these materials, then the permit may be issued at any time.

Pursuant to West Virginia Code § 22-6A-11(c)(2), Any objections of the affected coal operators and coal seam owners and lessees shall be addressed through the processes and procedures that exist under sections fifteen, seventeen and forty, article six of this chapter, as applicable and as incorporated into this article by section five of this article. The written comments filed by the parties entitled to notice under subdivisions (1), (2), (4), (5) and (6), subsection (b), section ten of this article shall be considered by the secretary in the permit issuance process, but the parties are not entitled to participate in the processes and proceedings that exist under sections fifteen, seventeen or forty, article six of this chapter, as applicable and as incorporated into this article by section five of this article.

Comment Requirements

Your comments must be in writing and include your name, address and telephone number, the well operator's name and well number and the approximate location of the proposed well site including district and county from the application. You may add other documents, such as sketches, maps or photographs to support your comments.

Permit Denial or Condition

The Chief has the power to deny or condition a well work permit. Pursuant to West Virginia Code § 22-6A-8(d), the permit may not be issued or be conditioned, including conditions with respect to the location of the well and access roads prior to issuance if the director determines that:

- (1) The proposed well work will constitute a hazard to the safety of persons;
- (2) The plan for soil erosion and sediment control is not adequate or effective;
- (3) Damage would occur to publicly owned lands or resources; or
- (4) The proposed well work fails to protect fresh water sources or supplies.

A permit may also be denied under West Virginia Code § 22-6A-7(k), the secretary shall deny the issuance of a permit if the secretary determines that the applicant has committed a substantial violation of a previously issued permit for a horizontal well, including the applicable erosion and sediment control plan associated with the previously issued permit, or a substantial violation of one or more of the rules promulgated under this article, and in each instance has failed to abate or seek review of the violation within the time prescribed by the secretary pursuant to the provisions of subdivisions (1) and (2), subsection (a), section five of this article and the rules promulgated hereunder, which time may not be unreasonable.

Pursuant to West Virginia Code § 22-6A-10(g), any person entitled to submit written comments to the secretary pursuant to subsection (a), section eleven of this article, shall also be entitled to receive from the secretary a copy of the permit as issued or a copy of the order modifying or denying the permit if the person requests receipt of them as a part of the written comments submitted concerning the permit application. Such persons may request, at the time of submitting written comments, notice of the permit decision and a list of persons qualified to test water.

WW-6A (1-12) API NO. 47-69-Ohio -

OPERATOR WELL NO. Clarence Farmer OHI 6H

Well Pad Name: Clarence Farmer OHI Pad

Notice is hereby given by:

Well Operator:Chesapeake Appalachia, LLCAddress:PO Box 1300Telephone:304-517-1416Jane Lew, WV 26378Email:danielle.southall@chk.comFacsimile:304-471-2497

Oil and Gas Privacy Notice:

The Office of Oil and Gas processes your personal information, such as name, address and telephone number, as 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 or your personal information, please contact DEP's Chief Privacy Officer at deprivacyofficer@wv.gov.



Operator Well No. CLARENCE FARMER OHI (4) # 9

STATE OF WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS NOTICE OF PLANNED OPERATION

		Requirement: notice s			ter than the filing cation Filed:		application.
Delive	ry meth	od pursuant to West	Virginia Cod	le § 22-6	6A-16(c)		
		ED MAIL N RECEIPT REQUES	STED		AND ELIVERY		
return the pla require drilling damag	receipt ranned oped to be possible for a horizontal contraction of a horizontal contraction of the contracti	equested or hand deli peration. The notice provided by subsection prizontal well; and (3 surface affected by o	very, give the strequired by the n (b), section t) A proposed il and gas oper	surface of surface of the surface of the surface	owner whose land ection shall included in a surfice to a surfice to a surfice and compensed the extent the data.	d will be used for de: (1) A copy ace owner whose sation agreement amages are comp	cation, an operator shall, by certified mail or the drilling of a horizontal well notice of of this code section; (2) The information the land will be used in conjunction with the at containing an offer of compensation for pensable under article six-b of this chapter. Sted in the records of the sheriff at the time
(at the Name: Addres	address		f the sheriff at		of notice): Name:		
Pursua	nt to We	oy given: st Virginia Code § 22 le surface owner's lan					well operator has developed a planned
State:		WEST VIRGINIA	a for the purpe		UTM NAD 8	Fasting	536144.8
County	_	OHIO			UIMINAD	Northing:	4444170.3
Distric	_	LIBERTY			Public Road		GC&P RD
Quadra	_	BETHANY WV			Generally use	ed farm name:	
Pursual to be p horizor surface informa headqu	otice Sh nt to We provided ntal well affected ation rel	by W. Va. Code § and (3) A proposed by oil and gas oper ated to horizontal dripocated at 601 57 th S	22-6A-10(b) to surface use and ations to the e	a surfa d compe extent the obtained	ensation agreeme e damages are co I from the Secret	e land will be un nt containing an empensable und ary, at the WV	code section; (2) The information required used in conjunction with the drilling of a offer of compensation for damages to the er article six-b of this chapter. Additional Department of Environmental Protection or by visiting

Oil and Gas Privacy Notice:

The Office of Oil and Gas processes your personal information, such as name, address and telephone number, as 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 or your personal information, please contact DEP's Chief Privacy Officer at depprivacyofficer@wv.gov.



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION

Division of Highways

1900 Kanawha Boulevard East • Building Five • Room 110 Charleston, West Virginia 25305-0430 • (304) 558-3505

May 25, 2011

KECIEIIAEII

MAY 2 7 201

Gary K. Clayton Day L. Clayton

Heather Huffman

To:

From:

MAINTENANCE DIVISION

Attached please find the original Bond provided by Chesapeake for their Statewide Blanket Bond and the Oil and Gas Statewide Bonding Agreement.

Also transmitted herewith please find a bonding agreement to accompany a bond you already have received from Gastar Exploration USA Inc..

Sent Bonlaguerrest in Suplicate to Legal Ce/27/11

APR 02 2013



OIL AND GAS ROAD STATEWIDE BONDING AGREEMENT MAINTENANCE DESIGN

THIS AGREEMENT, executed in duplicate, made and entered into this 19th day of May, 2011, by and between the WEST VIRGINIA DEPARTMENT OF TRANSPORTATION, DIVISION OF HIGHWAYS, hereinafter called "DEPARTMENT," and CHESAPEAKE APPALACHIA LLC, hereinafter called "COMPANY."

WITNESSETH:

WHEREAS, Company has horizontal gas well drilling operations in certain areas of West Virginia; and

WHEREAS, the Department believes that the frequent and repetitive use of certain sections of highways in the State by Company, its contractors, agents, independent contractors or suppliers of drilling materials or drilling equipment, and employees contributes to increased wear and tear to public roads in the state road system in the State, including local roads ("State Owned Roads"); and,

WHEREAS, the Department and Company have entered into this Agreement to satisfy the requirements of the Department's policy entitled "Oil & Gas Road Policy" dated February 1, 2011, as issued by Paul A. Mattox, Jr., Secretary of Transportation / Commissioner of Highways, and any subsequent related policies, hereinafter called "Policy", a copy of which is made a part of this Bonding Agreement and is identified as Attachment 1.

NOW, THEREFORE, for and in consideration of the mutual agreements hereinafter set forth, the parties agree as follows:

- I. For purposes of this Bonding Agreement, "Project Transportation Usage" of the Company shall be understood to mean use of one or more State Owned Roads for the delivery and removal of drilling materials and drilling equipment at the site or location of one or more of Company's horizontal gas well pad locations. To the extent reasonably practical, prior to commencing use of a State Owned Road for Project Transportation Usage after January 1, 2011, the Company shall submit to the Department a section or sections of current official WVDOH County Highway maps identifying the exact location of the proposed project and the State Owned Roads that the Company will utilize for the Project Transportation Usage.
- II. Company and Department shall within 14 days of the Company's submittal, agree to a list of these sections of State Owned Roads, hereinafter called "Project Roads List", to be utilized for each of Company's projects, identified by route number and milepost; at a time to be mutually agreed to by the parties prior to initial commencement of Project Transportation Usage of a particular State Owned Road on a Project Roads List, the Company and Department will jointly review the condition of the roads and bridges on the Project Roads List. The Department will document the road type and surface condition and general right-of-way width of each section of road on the Project Road List. Either party may supplement this documentation with photographs, video or other evidence of the present condition of the road surface, shoulders, ditches, culverts, bridges or other structures or appurtenances of roads on the Project Road List, as well as approaches to the roads, utility facilities located within or along the right-of-way, or any other condition, including third-party activities, that may affect the duties and responsibilities of the parties under this Agreement. A copy of any such documentation must be made and provided to the other party within ten business days after the joint review of the roads on the Project Roads List.
- III. Department shall issue a Project Agreement or Project Permit, as appropriate, to Company to use State Owned Roads and may include any minor or major improvements required of Company prior to, during or after Project with the assignment of responsibilities of both parties prior to, during and after the operator has completed well fracturing..

IV. In the Project Agreement/Project Permit, the Department shall not require the use of State Owned Roads other than the roads proposed by Company unless the Department has safety concerns as to the Company's proposed roads. A failure to agree on roads that may otherwise be lawfully used for a particular Project Transportation Usage shall result in the designation of the State Owned Roads proposed by Company, with milepost determinations as designated by Department. This Agreement shall only cover portions of State Owned Roads designated on the Project Roads List.

- V. For the duration of Company's Project Transportation Usage of the Stated Owned Roads on the Project Roads List, whether by the Company, its contractors (while working on behalf of Company), agents, independent contractors or suppliers of drilling materials or drilling equipment, or employees, the Company agrees to pay for all reasonable maintenance and repair costs incurred by the Department to repair areas of the State Owned Roads included in the Project Roads List that were directly damaged by Company's Project Transportation Usage, as determined to be reasonably necessary and appropriate by the Department. The Department shall keep a record of all labor performed by Department employees and contractors for such maintenance and repairs and shall send an invoice for the same to Company.
- VL Company shall be responsible for the cost of all maintenance and repairs reasonably necessary to put the existing roadways, bridges and appurtenances on the Project Roads List utilized for the Project Transportation Usage in the condition that existed immediately prior to the Project Transportation Usage. Company shall not be required to pay for maintenance or repairs to put any areas of such roadways, bridges and appurtenances on the Project Roads List in a condition better than the condition that existed immediately prior to the Project Transportation Usage. Company shall also not be required to pay for maintenance or repairs to any areas of these roadways, bridges or appurtenances on the Project Roads List that are not actually utilized for the Project Transportation Usage or for damage not caused by Project Transportation Usage.
- VII. Company shall notify the Department in writing of Company's final completion of Project Transportation Usage for particular roadways, bridges and appurtenances on the Project Roads List. Within fourteen days after its receipt of written notification of the completion of the Project Transportation Usage for all roads on a Project Roads List, the Department will review the condition of the roadways, bridges and appurtenances on the Project Roads List actually utilized for the Project Transportation Usage and advise Company of any final repairs reasonably necessary to leave these roads, bridges and appurtenances in a condition reasonably deemed by Department to be equal to their condition prior to commencement of Project Transportation Usage; and, upon completion of all such final repairs by or on behalf of Company and acceptance by Department, the Company shall be released from all further liability for maintenance or repairs to roads, bridges, or appurtenances on said Project Roads List. Any maintenance or repair work under the Project Agreement/Project Permit for roads, bridges or appurtenances on the Project Roads List may be performed by a contractor directly chosen by the Company as approved by the Department, the Department's workforce, or a private contractor hired by the Department through the public bid process in accordance with state law, all of which work shall be subject to the standards and specifications of the Department.
- VIII. In order to ensure performance of Company's performance and payment obligations under this Bonding Agreement, the Company shall post a corporate surety bond, hereinafter called "Master Bond", with the Department named as the beneficiary, which form of bond shall be subject to the consent of the Department, not to be unreasonably withheld. The amount and form of the bond shall be in accordance with the Policy as set forth above. However, the amount of the Master Bond does not limit the amount of claims that may be made by the Department against the Company under this Bonding Agreement. The Company shall provide the Master Bond to the Department within one (1) month after the execution of this Bonding Agreement. The Master Bond shall secure the good faith performance of all payment obligations of Company under the terms of this Bonding Agreement respecting the roads, bridges and appurtenances on the Project Roads List for each Project Transportation Usage undertaken by the Company, and shall remain in effect until termination of this Agreement. Company shall not be obligated to provide any other bonds, sureties, or other guarantees of performance to the Department for Company's use of State Owned Roads, except as required in this Agreement.

IX. Company shall maintain Commercial General Liability Insurance in the amount of two million dollars, with a minimum coverage of one million dollars per occurrence, for personal injury or death to persons, or for property damage, resulting from Company's Project Transportation Usage and shall present evidence of such insurance to Department upon request.

- X. Company's usage of State Owned Roads under the Project Agreement/Project Permit shall comply with all applicable Federal, State and local laws and regulations including, but not limited to, to the extent applicable, the National Environmental Policy Act, Section 404 of the Clean Water Act, Section 106 of the National Historic Preservation Act, Rare, Threatened and Endangered Species Act, Section 401 Water Quality Certification, and hazardous waste requirements. Further, upon reasonable written request of Department, Company shall furnish Department with acceptable documentation of such compliance which is in the possession of the Company.
- XI. Company shall defend, indemnify and hold Department harmless from and against any and all losses, damage, and liability, and from all claims for damages on account of or by reason of bodily injury, including death, which may be sustained, or claimed to be sustained, by any person or persons, including employees of Department, and from and against any and all claims, losses or liabilities for damages to property, arising out of the negligent or willful acts or omissions of Company, its agents, independent contractors and suppliers of drilling materials or drilling equipment, employees and contractors, in the performance of all Project Transportation Usage activities undertaken pursuant to this Agreement (collectively, "claims"). The Company shall not be responsible to indemnify, defend or hold harmless Department for any claims caused by the negligent or willful acts or omissions of the Department or its agents, employees and contractors or third parties not performing work at the direction of Company or delivering drilling equipment or drilling materials, including water, for use by or for company.
- XII. If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect the validity or enforceability of any other provision of this Agreement; or the validity or enforceability in other jurisdictions of that or any other provision of this Agreement.
- XIII. Department shall give Company a minimum of thirty days written notice of default under the terms of this Bonding Agreement and the opportunity to cure this default during such thirty-day period. If a default is not cured to the satisfaction of Department, or provision acceptable to Department is not made for a cure, Department may then elect to terminate this Bonding Agreement in whole or in part, and may in addition exercise its rights under the Master Bond or seek any other lawful relief available. Company may terminate this Bonding Agreement upon thirty days written notice to Department for any reason. In the event Company terminates this Agreement for any reason, it shall be liable for the repair and maintenance costs set forth above for prior Project Transportation Usage.
- XIV. Nothing herein shall be construed to mean that Company shall have any jurisdiction or control over any public roads in the state road system.
- XV. Company, its contractors, agents, employees and suppliers shall at all times be subject to applicable provisions of state and federal law, including without limitation laws requiring operation of vehicles in accordance with legal size and weight restrictions and posted weight limits. Oversize/overweight permits for vehicle or loads not otherwise conforming with law must be obtained in accordance with law; Department agrees to work in good faith with Company to review and grant (where authorized by law) such permits in a timely manner upon request by Company.
- XVI. This Bonding Agreement shall be construed and enforced in accordance with the laws of the State of West Virginia, as they may be amended.
- **XVII.** This Bonding Agreement shall be binding upon the successors and assigns of each party hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Bonding Agreement to

be executed by their duly authorized officers effective as of the date first above written.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION, DIVISION OF HIGHWAYS

Witness Executive Secretary

By: State Highway Engineer

Chesapeake Appalachia LLC, A limited liability company

By: Stay & Robert

Title: Vice President - Risk Management

(To be executed in duplicate)

APPROVED AS TO FORM THIS

ATYORNEY LEGAL DIVISION WEST VIRGINIA DEPARTMENT OF HIGHWAYS





MAY 2 7 2011

Liberty Mutual Surety 1001 4th Avenue, Suite 1700 Seattle, WA 98154

MAINTENANCE DIVISION

PERFORMANCE BOND		
KNOW ALL BY THESE PRESENTS, That we	e Charanage et al.	Bond 022033412
The state of the s	s, Chesapeake Apparachi	ia, L.L.C.
	·	
(hereinafter called the Principal), as Principal, a	ind Safeco Insurance Cor	mpany of America
or Barreson ander the raws of the State of	\Machineton	, a component
bound unto West Virginia Department of Tra	insportations, Division of	Highways
		/h
in the sum of One Million Dollars And Zero (:ents	, (hereinafter called the Obligee),
	(\$ 1,000,000,00	
to be made, we, the said Principal and the sai	d Spretz, bind complete) Dollars, for the payment of which sum well and truly our heirs, executors, administrators, successors and assigns,
jointly and severally, firmly by these presents.	a salety, billi ourselves, c	our heirs, executors, administrators, successors and assigns,
Signed and sealed this 19th	day of	8.4m.
WHEREAS, said Principal has entered into a wri		May , 2011 .
for use of State roadways and a will	their Contract with said Obli	gee, dated,
for use of State roadways pursuant to Oil a	nd Gas Road Statewide I	Bonding Agreement
	:	
		
	•	
in accordance with the terms and conditions of	said Contract, which is he	reby referred to and made a part hereof as if fully set forth
nerein:		restrict to and made a part nereof as if fully set forth
NOW, THEREFORE, THE CONDITION OF T	HIS OBLIGATION IS SU	CH, That if the above bounden Principal shall well and truly
Reep, do and perform each and every, all and	singular, the matters and t	CH, That if the above bounden Principal shall well and truly hings in said contract set forth and specified to be by said
reimburse to the above named Obliger, all less	ies and in the manner in	hings in said contract set forth and specified to be by said said contract specified, or shall pay over, make good and
of said Principal so to do, then this obligation sh	and damage which said Ob	said contract specified, or shall pay over, make good and ligee may sustain by reason of failure or default on the part
NO SUIT, ACTION OR PROCEEDING by the	a Ohliana da	ise shall remain in full force and effect.
within two (2) years following the date on which	Principal ceased work on the	is bond shall be sustained unless the same be commenced
	- 1 marbar operace Mot V OH 2	sau Contract.
APPANIA		
IN ORPOR TOWN		Chesapeake Appalachia, L.L.C.
SEAL -		By
[5\	OINE	4
THE STANONE THE	Str. Co. Co. Co.	
THE COMMITTEE OF THE PARTY OF T	CORPORATE CHE	Safeco Insurance Company of America
Manager 2	SEAL S	<i>i</i> .
. :		By Stay & Robert
	POFA	Stacy L. Roberts Attomey-in-Fact
	•	•



Dexter R. Legg, Secretary

1:17

POWER

*	OF ATTORNEY	1001 4th Aveune Suite 1700	
KNOW ALL BY THESE PRESENTS:	No.	Seattle, WA 98154 13359	
That SAFECO INSURANCE COMPANY OF A	AMERICA, a Washington corporat	ion, does hereby appoint	
	. ROBERTS: Oklahoma City, Ok		*****
	•		
its true and lawful attorney(s)-in-fact, with full aut and other documents of a similar character is	body to execute on bohalf at the	#1 w	
AMERICA thereby as fully as if such instrument	ate had been did on us business,	and to bind SAFECO INSURANCE CO	indertakings MPANY OF
IN WITNESS WHEREOF, SAFECO INSURANCE	COMPANY OF AMERICA has exer	cuted and attested these presents	ice.
this 17th	da	e Anail	
	day o	f April	2009
Dexter & fayy	TI	Milalajeusla.	
Porton P. Lane Samuel		in any and and	

Timothy A. Mikolajewski, Vice President CERTIFICATE

Extract from the By-Laws of SAFECO INSURANCE COMPANY OF AMERICA:

Extract from the By-Laws of SAFECO INSURANCE COMPANY OF AMERICA:

"Article V, Section 13. - FIDELITY AND SURETY BONDS ... the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles/with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business... On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Soard of Directors of SAFECO INSURANCE COMPANY OF AMERICA adopted July 28, 1970.

*On any certificate executed by the Secretary or an assistant secretary of the Company setting cut,

(i) The provisions of Article V, Section 13 of the By-Laws, and

(ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and

(iii) Certifying that said power-of-attorney appointment is in full force and effect,

the signature of the certifying officer may be by facsimile, and the seat of the Company may be facsimile thereof.*

I, Dexter R. Legg . Secretary of SAFECO INSURANCE COMPANY OF AMERICA, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of this corporation, and of a Power of Attorney issue pursua thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

19th 2011. this May Dexter B. Lay Dexter R. Legg, Secretary

S-1300/SAEF 3/09

WEB POF

	Product Name	Product Use	Chemical Name	CAS Number
			Didecyl Dimethyl Ammonium Chloride	007173-51-1
			Ethanol	000064-17-5
	ALPHA 1427	Biocide	Glutaraldehyde (Pentanediol)	000111-30-8
			Quaternary Ammonium Compound	068424-85-1
			Water	007732-18-5
	BF-7L	Buffer	Potassium Carbonate	000584-08-7
	ClayCare	Clay Stabilizer	Choline Chloride	000067-48-1
		Oldy Oldbillzer	Water	007732-18-5
BAKER HUGHES	Enzyme G-I	Breaker	No Hazardous Components	NONE
	ENZYME G-NE	Breaker	No Hazardous Components	NONE
	FRW-18	Friction	Petroleum Distillate	064742-47-8
		Reducer	Hydrotreated Light Petroleum Distillate Blend	N/A-014
	GW-3LDF	Gel	Polysaccharide Blend	N/A-021
	SCALETROL 720		Diethylene Glycol	000111-46-6
		Scale Inhibitor	Ethylene Glycol	000107-21-1
			Boric Acid	010043-35-3
	XLW-32	Crosslinker	Methanol (Methyl Alcohol)	000067-56-1
	APB01 (AMMONIUM PERSUFATE BREAKER)	Breaker	Ammonium Persulfate	007727-54-0
	B05 (LOW PH BUFFER)	Buffer	Acetic acid	000064-19-7
	BXL03 Borate XL Delayed High Temp	Crosslinker	No Hazardous Components	NONE
FRAC TECH SERVICES	FRW-200	Friction Reducer	No Hazardous Components	NONE
52	HVG01 (TURQUOISE-1 BULK)	Gelling Agent	Petroleum Distillate Hydrotreated Light	064742-47-8
	KCLS-4	Clay Stabilize	No Hazardous Components	NONE
	LTB-1	Breaker	Ammonium Persulfate	N/A

Supplier Name	Product Name	Product Use	Chemical Name	CAS Number
	EC6110A	Biocide	Ethanol	000064-17-5
NALCO ONESOURCE			Glutaraldehyde (Pentanediol)	000111-30-8
ONLOUNCE			Quaternary Ammonium Compounds	N/A-063
	EC6629A	Biocide	No Hazardous Components	NONE
	WBK-133 OXIDIZER	Breaker	Ammonium Persulfate	007727-54-0
96	WBK-134	Breaker	Ammonium Persulfate	007727-54-0
			Crystalline Silica (Quartz Sand, Silicon Dioxide)	000111-30-8 N/A-063 NONE 007727-54-0
	WCS-631LC	Clay Stabilizer	Proprietary Non Hazardous Salt	N/A-229
			Water	007732-18-5
	WFR-55LA	Friction Reducer	No Hazardous Components	NONE
	WGA-15L	Gel	Petroleum Distillate Hydrotreated Light	064742-47-8
WEATHERFORD	WPB-584-L	Buffer	Potassium Carbonate	000584-08-7
		Duller	Potassium Hydroxide	NONE 064742-47-8 000584-08-7 001310-58-3 NONE 064742-47-8 007732-18-5
	WXL-101LE	Corsslinker	No Hazardous Components	NONE
	WXL-101LM	Crosslinker	Petroleum Distillate Hydrotreated Light	064742-47-8
		A CONTRACTOR OF THE CONTRACTOR	007732-18-5	
	WYI 1051		Ethylene Glycol	000107-21-1
	WXL-105L	Crosslinker	Boric Acid	010043-35-3
			Ethanolamine	000141-43-5
,	B244 Green-Cide 25G	Biocide	Glutaraldehyde	111-30-8
	L071 Temporary Clay Stabilizer	Clay Stabilizer	Cholinium Chloride	67-48-1
	Breaker J218		Diammonium Peroxidisulphate	7727-54-0
SCHLUMBERGER	EB-Clean* J475 Breaker	Breaker	Diammonium	7727-54-0
	Friction Reducer B315	Friction Reducer	Peroxidisulphate Distillates (petroleum), Hydrotreated light Aliphatic Alcohol Glycol Ether	
	Friction Reducer J609		Ammonium Sulfate	7783-20-2

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Supplier Name	Product Name Water Gelling Agent J580	Product Use Gel	Chemical Name Carbohydrate Polymer	CAS Number Proprietary
SCHLUMBERGER	Scale Inhibitor B317	Scale Inhibitor	Trisodium ortho phosphate Ethane-1, 2-diol	7601-54-9 107-21-1
o o ne me en	Borate Crosslinker J532	Crosslinker		Proprietary
	Crosslinker J610			