

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

November 17, 2014

WELL WORK PERMIT

Secondary Recovery Well

This permit, API Well Number: 47-8704747, issued to HG ENERGY, LLC, is evidence of permission granted to perform the specified well work at the location described on the attached pages and located on the attached plat, subject to the provisions of Chapter 22 of the West Virginia Code of 1931, as amended, and all rules and regulations promulgated thereunder, and to all conditions and provisions outlined in the pages attached hereto. Notification shall be given by the operator to the Oil and Gas Inspector at least 24 hours prior to the construction of roads, locations, and/or pits for any permitted work. In addition, the well operator shall notify the same inspector 24 hours before any actual well work is commenced and prior to running and cementing casing. Spills or emergency discharges must be promptly reported by the operator to 1-800-642-3074 and to the Oil and Gas inspector.

Please be advised that form WR-35, Well Operators Report of Well Work is to be submitted to this office within 90 days completion of permitted well work, as should form WR-34 Discharge Monitoring Report within 30 days of discharge of pits, if applicable. Failure to abide by all statutory and regulatory provisions governing all duties and operations hereunder may result in suspension or revocation of this permit and, in addition, may result in civil and/or criminal penalties being imposed upon the operators.

In addition to the applicable requirements of this permit, and the statutes and rules governing oil and gas activity in WV, this permit may contain specific conditions which must be followed. Permit conditions are attached to this cover letter.

Per 35CSR-4-5.2.g this permit will expire in two (2) years from the issue date unless permitted well work is commenced. If there are any questions, please feel free to contact me at (304) 926-0499 ext. 1654.

James Martin

Chief

Operator's Well No: CARR-NICHOLS 102

Farm Name: MCCLAIN, JOHN R. & KEATON, 1

API Well Number: 47-8704747

Permit Type: Secondary Recovery Well

Date Issued: 11/17/2014

PERMIT CONDITIONS

West Virginia Code §22-6-11 allows the Office of Oil and Gas to place specific conditions upon this permit. Permit conditions have the same effect as law. Failure to adhere to the specified permit conditions may result in enforcement action.

CONDITIONS

- 1. If the operator encounters an unanticipated void, or an anticipated void at an unanticipated depth, the operator shall notify the inspector within 24 hours. Modifications to the casing program may be necessary to comply with W. Va. Code §22-6-20, which requires drilling to a minimum depth of thirty feet below the bottom of the void, and installing a minimum of twenty (20) feet of casing. Under no circumstance should the operator drill more than fifty (50) feet below the bottom of the void or install less than twenty (20) feet of casing below the bottom of the void.
- 2. Pursuant to 35 CSR 4-19.1.a, at the request of the surface owner all water wells or springs within 1000 feet of the proposed well that are actually utilized for human consumption, domestic animals or other general use shall be sampled and analyzed.
- 3. Pursuant to 35 CSR 4-19.1.c, if the operator is unable to sample and analyze any water well or spring with one thousand (1,000) feet of the permitted well location, the Office of Oil and Gas requires the operator to sample, at a minimum, one water well or spring located between one thousand (1,000) feet and two thousand (2,000) feet of the permitted well location.
- 4. All pits must be lined with a minimum of 20 mil thickness synthetic liner.
- 5. In the event of an accident or explosion causing loss of life or serious personal injury in or about the well or while working on the well, the well operator or its contractor shall give notice, stating the particulars of the accident or explosion, to the oil and gas inspector and the Chief within twenty-four (24) hours.
- 6. During the surface casing and cementing process, in the event cement does not return to the surface, or any other casing string that is permitted to circulate cement to the surface and does not return to the surface, the oil and gas inspector shall be notified within twenty-four (24) hours
- 7. Well work activities shall not constitute a hazard to the safety of persons.
- 8. Operator shall provide the Office of Oil & Gas notification of the date that drilling commenced on this well. Such notice shall be provided by sending an email to DEPOOGNotify@wv.gov within 30 days of commencement of drilling.

FORM WW-3 (B) 1/12



| 1) | Date: | 10/21/20 | 14 | | | | | |
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| 2) | Operator | 's Well I | No. Clay - Nichols | | | 102 | | |
| 3) | 3) API Well No.: | l No.: | 0.: 47 | | Roane | | S | |
| | | | State | | County | | | Permit |
| 4) | UIC Perr | nit No. | HIC | 2Rna | 704AP | | | |

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

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| | | 5260 Dupor | | | | | Addres | | Dupont Road |
| OVOIL 6 CA | | Parkersburg | | | | | | | sburg, WV 26101 |
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| _ | . O. Box 821 | | | | | Address | be Determ | пед ороп Ар | proval of Permit |
| | pencer WV 25 | 276 | | | | Address | | | |
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Office of Oil and Gas

OCT 2 8 2014

FORM WW-3 (A) 1/12



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| 2) | Operator | 's Well | No. | Carr - | Nichols 1 | 02 | |
| 3) | API We | 11 No.: | 47 | | | | |
| | | | State | | County | _ | Permit |
| 4) | UIC Perr | nit No. | UIC | 2R0870 | 04AP | | |

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

| 5) Surface Ow (a) Name | |) Coal Operator ame | |
|--|---|--|--|
| Address | 41 Clay Road W A | ddress | |
| | Spencer, WV 25276 | | |
| (b) Name | Reva Snodgrass 7) (b |) Coal Owner(S) With I | Declaration Of Record |
| Address | 3740 Tranquility Drive N | ame | |
| | Melbourne, FL 32934 A | ddress | |
| (c) Name | N | ame | |
| Address | A | ddress | |
| 6) Inspector | Ed Gainer 7) (d |) Coal Lessee with Decl | aration Of Record |
| Address | | nme | |
| | | ddress | |
| Telephone | 304-389-7582 | | |
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OCT 2 8 2014

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SURFACE OWNER WAIVER

| County | Roane | | Operator Operator well number | HG Energy, LLC Carr-Nichols 102 |
|--------|----------|---|----------------------------------|------------------------------------|
| | - | • | | TOP |

INSTRUCTIONS TO SURFACE OWNERS NAMED ON PAGE WW2-A/3A

The well operator named on page WW-2A / 3A is applying for a permit from the State to do oil or gas well work. (Note: If the surface tract is owned by more than three persons, then these materials were served on you because your name appeared on the Sheriff's tax ticket on the land or because you actually occupy the surface tract. In either case, you may be the only owner who will actually receive these materials.) See Chapter 22 of the West Virginia Code. Well work permits are valid for 24 months. If you do not own any interest in the surface tract, please forward these materials to the true owner immediately if you know who it is. Also, please notify the well operator and the Office of Oil and Gas.

NOTE: YOU ARE NOT REQUIRED TO FILE ANY COMMENT.

WHERE TO FILE COMMENTS AND OBTAIN ADDITIONAL INFORMATION:

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

Time Limits and methods for filling comments. The law requires these materials to be served on or before the date the operator files his Application. You have FIFTEEN (15) 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.

Comments must be in writing. Your comments must 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.

The Chief has the power to deny or condition a well work permit based on comments on the following grounds:

1) The proposed well work will constitute a hazard to the eafety of persons.

The soil erosion and sediment control plan is not adequate or effective; The soil erosion and sediment control plan is not adequate o
 Damage would occur to publicly owned lands or resources;

4) The proposed well work falls to protect fresh water sources or supplies;

5) The applicant has committed a substantial violation of a previous permit or a substantial violation of one or more of the rules promulgeted under Chapter 22, and has falled to abate or seek review of the violation...".

If you want a copy of the permit as it is issued or a copy of the order denying the permit, you should

request a copy from the Chief.

List of Water Testing Laboratories. The Office maintains a list of water festing laboratories which you can hire to test your water to establish water quality prior to and after drilling. Contact the Chief to obtain a copy.

VOLUNTARY STATEMENT OF NO OBJECTION

I hereby state that I have read the instructions to surface owners and that I have received copies of a Notice and Application for a Well Work Permit on Form WW2-A / 3A, and attachments consisting of pages 1 through work order on Form WW-28 / 3A, a survey plat, and a soil and erosion plan, all for proposed well work on my surface land as described therein.

I further state that I have no objection to the planned work described in these materials, and I have no objection to a permit being issued on those materials.

| FOR EXECUTION BY A NATURAL PERSON | FO | R EXECUTION BY A C | CORPORATION, ETC. | |
|---|-------------|--------------------|-------------------|------|
| John R Mary Dat | te 10-25-77 | Company Name | | |
| Signature John R McClain | | By Its | | Date |
| | | | | |
| Print Name RECEIVED Office of Oil and Gas | | | Signature | Date |

OCT 2 8 2014

| For delivery infor | mation visit our website a | at www.usps.com |
|---|----------------------------|------------------|
| OF | FICIAL | USE |
| Postag | e \$ | |
| Certified Fe | е | |
| Return Receipt Fe (Endorsement Required | e i) | Postmark Here |
| Restricted Delivery Fe (Endorsement Required | e (i) | |
| Total Postage & Fee | s \$ | CN 102 |
| Sent To | | |
| Street, Apt. No.; | eva Snodgras | s (LE) |

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| WW-2B1 | |
|--------|--|
| (5-12) | |

| Well | No. | Carr - Nichols 10 | 2 |
|------|-----|-------------------|---|
| | | | |

West Virginia Department of Environmental Protection Office of Oil and Gas

NOTICE TO SURFACE OWNERS

The well operator named below is preparing to file for a permit from the state to drill a new well. Before a well work permit can be filed with the Chief of the Office of Oil and Gas, the well operator is required to have given notice of the right to request water well or spring analytical testing. This notice shall be given to the owners or occupants of land which have a water well or spring being utilized for human consumption, domestic animals, or other general use and which is located within 1000 feet of the proposed well site.

With this form, the operator is giving you notice of your right to request analytical testing. The operator is required to sample and analyze the water wells or springs of all owners or occupants who request it. Therefore, if you wish to have your water well or spring tested, contact the operator named below.

All sampling shall be completed prior to drilling. Within thirty (30) days of the receipt of such sample analyses the operator shall submit the results to the Chief of the Office of Oil and Gas and to the owners or occupants who may have requested them.

Be advised, you have the right to sample and analyze any water supply at your own expense.

Listed below is the laboratory chosen by operator to perform analysis, and contactor chosen to collect sample.

Certified Laboratory Name
Sampling Contractor

Sturm Environmental Lab

Well Operator
Address

5260 Dupont Road
Parkersburg WV 26101

Telephone

Sturm Environmental Lab

FOR OPERATOR'S USE ONLY: Below, or on an attached page, list those persons which were given this notice. Place an asterisk beside the one(s) that contacted you and requested sampling and analyses. If there were no requests made, indicate by underling which one you have selected to sample and analyze. If there are no water wells or springs within 1000 feet of the proposed site, the Chief may require the operator to test wells up to 2000 feet from the proposed site.

Identified Water Sources Sampled/Analyzed:

John R McClain Terry Rexroad Ivon Bryant Holly Cottrell James Shamblin Reva Snodgrass

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WW-2B1 Page 2

WATER SUPPLIES TO BE TESTED CARR-NICHOLS NO.102

John R. McCLain

41 Clay Road

Spencer, WV 25276

Terry Rexroad

4026 Clay Road

Spencer, WV 25276

Ivan Bryant

4434 Charleston Road

Gandeeville, WV 25243

Holly Cottrell

89 Edgle Fork

Spencer, WV 25276

James Shamblin

4292 Clay Road

Spencer, WV 25276

Reva Snodgrass

3740 Tranquility Drive

Melbourne, FL 32934

Office of Oil and Gas

WV Department of Environmental Protection

11/21/2014

WW-9 Rev. 5/10

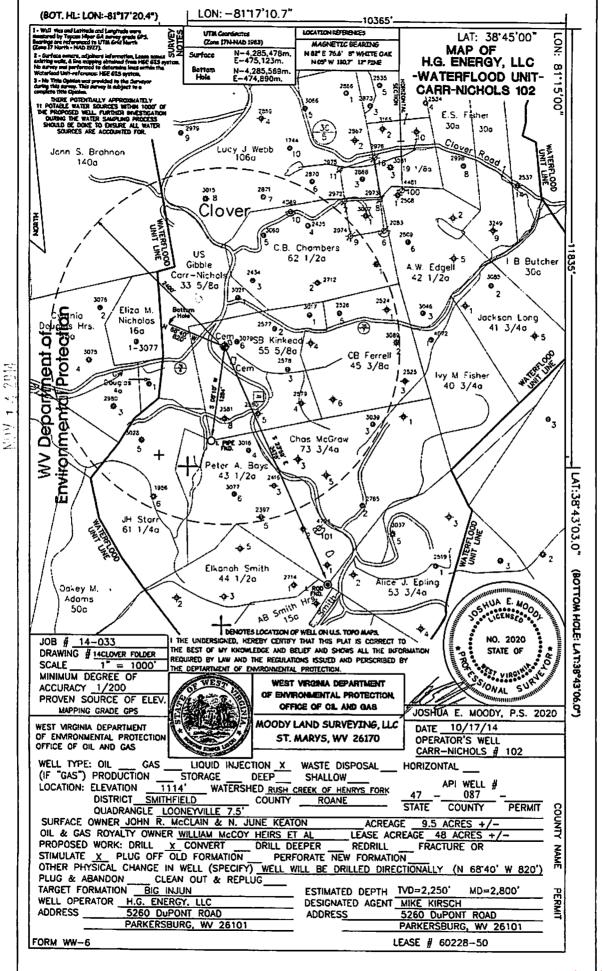
| | ige | of |
|---------------------|-------------|---------|
| API Number 47 - | 1 | * |
| Operator's Well No. | Clay - Nich | ols 102 |

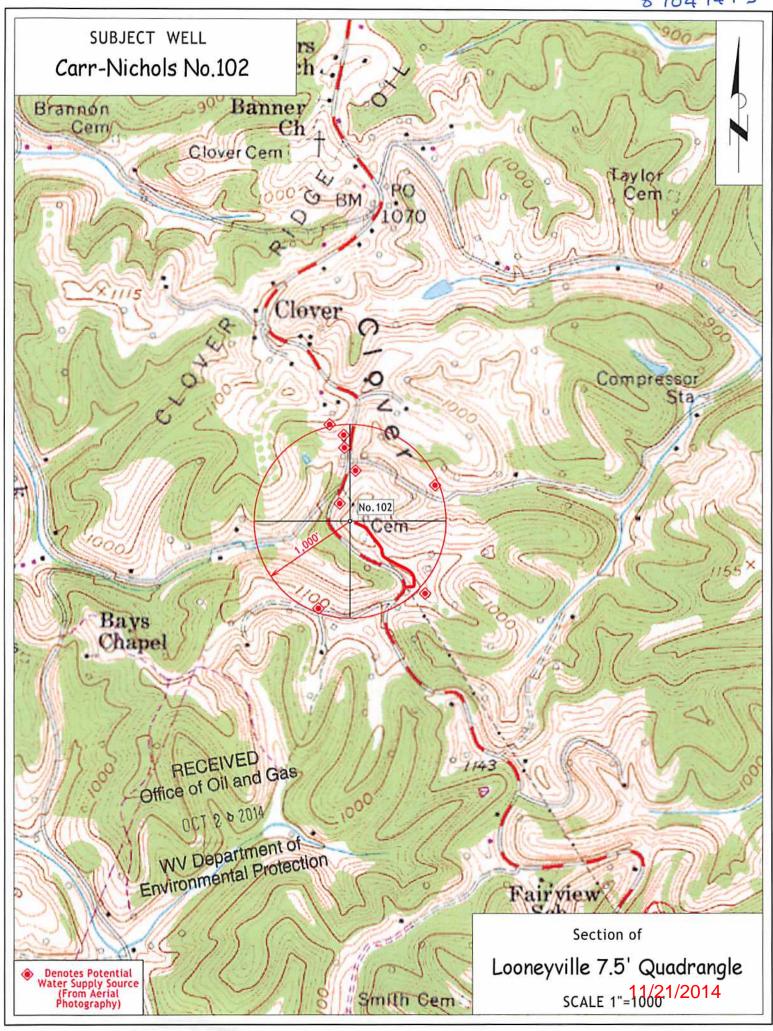
STATE OF WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION OFFICE OF OIL AND GAS

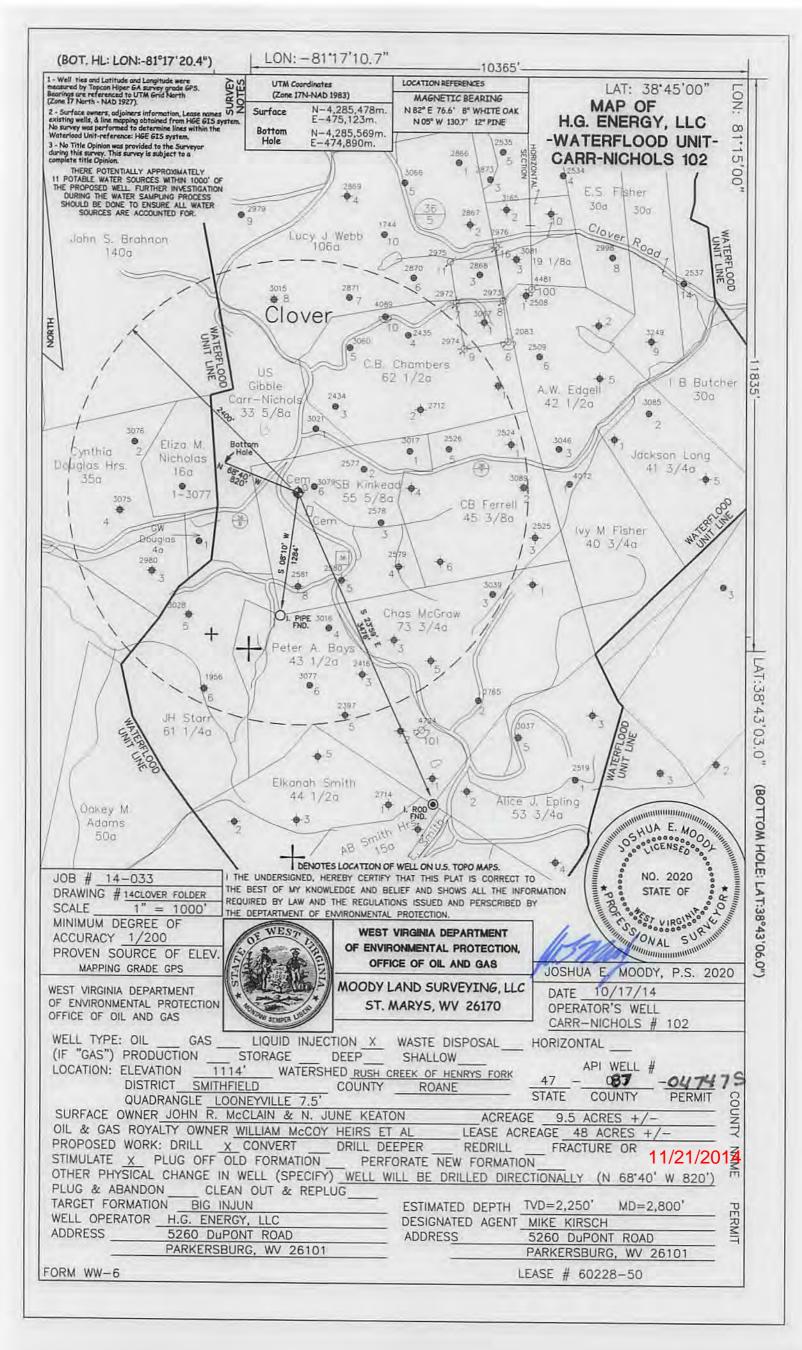
CONSTRUCTION AND RECLAMATION PLAN AND SITE REGISTRATION APPLICATION FORM GENERAL PERMIT FOR OIL AND GAS PIT WASTE DISCHARGE

| Operator Name HG Energy, LL | | AND GAS PIT WASTE DISCHARGE OP Code _494497 | 948 |
|--|---|--|---|
| Watershed Spring Creek | | Quadrangle Looneyville 7.5' | |
| Elevation 1114 | County_Roane | District Smithfie | ld |
| Description of anticipated Pit Was | te: _Fluids encountered while | drilling subject well | |
| Do you anticipate using more than | 5,000 bbls of water to comple | ete the proposed well work? Yes | No No |
| | | so, what mil.? 20 mil | |
| Reuse Off Site | | | <u>)</u> |
| Drilling medium anticipated for the -If oil based, what type? Additives to be used? Water, so: | Synthetic, petroleum, etc. NA | | |
| Will closed loop system be used? | | | |
| | solidify what medium will be u | offsite, etc. Leave in pit used? Cement, lime, sawdust Native sc | |
| on August I, 2005, by the Office of provisions of the permit are enfort law or regulation can lead to enfort I certify under penalty of application form and all attachmobtaining the information, I beliepenalties for submitting false information | of Oil and Gas of the West Virg ceable by law. Violations of cement action. If law that I have personally tents thereto and that, based eve that the information is true | onditions of the GENERAL WATER Popular Department of Environmental Propular any term or condition of the general popular and am familiar with the ire on my inquiry of those individuals are, accurate, and complete. I am awaity of fine or imprisonment. | tection. I understand that ermit and/or other application formation submitted on timmediately responsible are the CEIVED ignificate of Oil and Gaster |
| Company Official (Typed Name) | E 13/13/27 No. | | OCT 2 8 2014 |
| | | Ω. | |
| Company Official Title Agent | | — W | V Department of conmental Protect |
| Subsarihad and amore to F | his 21 day of Oc | 1 | OFFICIAL SEAL |
| Subscribed and sworn before me t | Hatte | S S S S S S S S S S S S S S S S S S S | TATE -F -VEST VIRGINIA |
| My commission expires | 7/00 12,2018 | Par My C | kerspurg, West Virginia 2610 ommission Expires Nov. 12, 20 |

| | | LEGEND | | |
|---|----------------------------|---------------------------------|--------------------------|--|
| Property Boundary | | Diversion Zealetti (1) | | |
| Rond = = = = = = | ===== | Spring O | Spring O | |
| Existing Fence — X - | | Wet Spot | | |
| Planned Fence / _ | _/_/_ | Drain Pipe with size in inches | — ® —> | |
| Stream | 7 | | | |
| Open Ditch | | | | |
| Rock 688888 | | Artificial Filter Strip | XXXXXXXXXXXXXXX | |
| North N | | Pit: cut walls | | |
| Buildings | | Pit: compacted fill walls | mercy | |
| Water wells W | | Area for Land Application of Pi | t Waste | |
| Drill site 🕀 | | 6 | | |
| Proposed Revegetation Treatm | nent: Acres Disturbed | 1.0 acres Prevegetation pH | | |
| Lime 3 | | | | |
| Lime | Tons/acre or to correct to | pH | | |
| Fertilizer (10-20-20 c | or equivalent) 500 | lbs/acre (500 lbs minimum) | | |
| Mulch Straw | 2 _{Tot} | ns/acre | | |
| | | | | |
| | S | Seed Mixtures | | |
| Are | a I | Area | ı II | |
| Seed Type | lbs/acre | Seed Type | lbs/acre | |
| Tall Fescue | 40 | Tall Fescue | 40 | |
| Ladino Clover | 5 | Ladino Clover | 5 | |
| | - | | RECEIVED | |
| | | | Office of Oil and Gas | |
| Attach: | | | Office of Off and size | |
| Drawing(s) of road, location, pit and proposed area for land application. | | | OCT 2 8 2014 | |
| Photocopied section of involve | ed 7.5' topographic sheet. | | | |
| and the second second | | | WV Department of | |
| T. | | | Environmental Protection | |
| Plan Approved by: | | . 7) | | |
| Comments: | Sectionent | protection at al | 1 times | |
| - | | | | |
| Title: | ector | Date: 10/23/14 | | |
| Field Reviewed? | Roane Yes (|) No | | |









HG Energy, LLC 5260 Dupont Road Parkersburg, WV 26101 (304) 420-1100 - Office (304) 863-3172 - Fax

October 21, 2014

Mr. Jeff McLaughlin WVDEP Division of Oil & Gas 601 57th Street Charleston, West Virginia 25304

RE: Carr-Nichols No. 102

Smithfield District, Roane County

West Virginia

Dear Mr. McLaughlin:

Enclosed are Forms WW-3A, WW-3B, WW-9, WW-3(B1), mylar of plat, reclamation plan, topo map and copies of the certified mailing receipts for a permit to drill the above referenced injection well. Also enclosed is our check in the amount of \$650.00 to cover the associated permit fees.

Very truly yours,

Diane White

Diane C. White

Enclosures

cc:

John R. McClain – Certified Reva Snodgrass - Certified

Ed Gainer – Inspector

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