

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 18, 2014

WELL WORK PERMIT

Vertical Well

This permit, API Well Number: 47-8704750, 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.

Chief

James Martin

Operator's Well No: SB KINKEAD 201

Farm Name: SNODGRASS, REVA ET AL

API Well Number: 47-8704750
Permit Type: Vertical Well
Date Issued: 11/18/2014

Promoting a healthy environment.

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.

WW - 2B (Rev. 8/10)

Depths Set

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

		VV	ELL WORK PER	XIVIII AFFLIC	ATION	5	444
) Well Operator	: HGE	nergy, L	LC	494497948	Roane	Smithfield	Looneyville 7.5'
				Operator ID	County	District	Quadrangle
2) Operator's We	ell Numb	er: S. B.	Kinkead 201		3) Elevation:	1110'	4
) Well Type: (a)	Oil_x	_ or Ga	s_X_				
(b)	If Gas:	Produ	ction/ Und	erground Sto	rage	_	
		Deep	/ SI	hallow x	_		
5) Proposed Tar 6) Proposed Tot 7) Approximate 8) Approximate	al Depth fresh wat	ter strata	Big Injun D Feet F depths: 405' 1640'	Formation at I	Proposed Tar Proposed Tota	get Depth: _E	2240' TVD Big Injun
9) Approximate	coal sea	m depths	s: NA				-
10) Approximate	e void de	pths,(coa	al, Karst, other):	NA			
11) Does land c	ontain co	al seam	s tributary to act	ive mine? _	No		
12) Describe pro	posed we	II work ar	nd fracturing meth	ods in detail (a	attach addition	al sheets if n	eeded)
Drill and stimula	ate produ	ction we	II in the Big Injur	n Stim	ulstion	will	he small
hyde	otic !	free tu	ere				
9/1	/						
TYPE US	PECIFIC		ASING AND TUE	FOOTAGE		S CEM	<u>ENT</u>
10/23/11	Size	Grade	Many to the street of the	For Drilling	Left in Well	Fill -up (C	u. Ft.)
Conductor							
Fresh Water	7"	LS	17#	530'	530'	CT	rs
Coal							
Intermediate	H. Ca						
Production	4 1/2"	J-55	10.5#	2200'	2200'	200	sks
Tubing							
Liners							
Packers: Kind	d:					Bec	eived-
Size							Oil & Gas

Received 6704750 Office of Oil & Gas

OCT 29 2014

WW-2	2A
(Rev.	6-14)

October 21, 2014 1). Date:

2.) Operator's Well Number

S. B. Kinkead 201 County

State

Permit

3.) API Well No .:

47-Roane

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

4) Surface Ow	ner(s) to be served:	5) (a) Coal Operator
(a) Name	Reva Snodgrass	Name
Address	3740 Tranquility Drive	Address
	Melbourne, FL 32934	
(b) Name		(b) Coal Owner(s) with Declaration
Address		Name
11 1000 000		Address
(c) Name		Name
Address		Address
6) Inspector	Ed Gainer	(c) Coal Lessee with Declaration
Address	P.O. Box 821	Name
Address	Spencer, WV 25276	Address
Talaahana		
Telephone	304-389-7582	MED ABOVE TAKE NOTICE THAT:
7.00.00.00.00	TO THE PERSONS NAT	contract or contracts by which I hold the right to extract oil and gas
	ne lease or leases or other continuing	contract of contracts by which i floid the right to extract on the gas
<u>OR</u>	- total and a suited by Chapter 22	, Article 6, Section 8(d) of the Code of West Virginia (see page 2)
included is to	the information required by Chapter 22 6	of the West Virginia Code I have served copies of this notice and
I certify	that as required under Chapter 22-6	ents pages 1 through on the above named parties by:
application, a loc	Personal Service (Affidavit attac	shed)
· ·	Certified Mail (Postmarked post	
-	Publication (Notice of Publication	
	Publication (Notice of Publication	i 35 CSR 4, and I agree to the terms and conditions of any permit
		33 CSR 4, and 1 agree to the terms and conditions of any permit
issued under this	s application.	onally examined and am familiar with the information submitted on
I certify	under penalty of law that I have pers	used on my inquiry of those individuals immediately responsible for
this application i	orm and all attachments, and that ba ormation, I believe that the information	is true accurate and complete
obtaining the init	are that there are significant penalties	for submitting false information, including the possibility of fine and
imprisonment.	are that there are significant periaties	Top southling take information, meteoring the personny
imprisonment.	Well Operator	HG Energy, LLC
The second second	PV:	Diane White Diane White
17 500	OFFICIAL SEAL Its	Agent
	Address.	5260 Dupont Road
- 1	ST VIRGINIA Address.	Parkersburg, WV 26101
	WIG Transparen	304-420-1119
No tone		
		dwhite@hgenergyllc.com
Subscribed and	sworn before me this 1821 day of	October , 2014
	they talkle	Notary Public
My Commission	Expires 1100 12, 201	8
Oil and Gas Privacy	Notice	
	MIDNE.	

The Office of Oil and Gas processes your personal information, such as name, address and phone number, as a 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 of your personal information, please contact DEP's Chief Privacy Officer at depprivacyofficer@wv.gov 11/21/2014

	For delivery informa	tion visit our webs	e Coverage Provided) site at www.usps.com
	OFF	ICIA	
	Postage Certified Fee	s	OCT PARmark
1	Return Receipt Fee (Endorsement Required) Restricted Delivery Fee		Here
	Restricted Delivery Fee (Endorsement Required) Total Postage & Fees	\$	5BK 201
ה ה	Sent To Pay 15	Snodgr	a66

Received Office of Oil & Gas 0CT 2 9 2014 Operator's Well Number S. B. Kinkead 201

INFORMATION SUPPLIED UNDER WEST VIRGINIA CODE Chapter 22, Article 6, Section 8(d) IN LIEU OF FILING LEASE(S) AND OTHER CONTINUING CONTRACT(S)

Under the oath required to make the verification on page 1 of this Notice and Application, I depose and say that I am the person who signed the Notice and Application for the Applicant, and that —

- (1) the tract of land is the same tract described in this Application, partly or wholly depicted in the accompanying plat, and described in the Construction and Reclamation Plan;
- (2) the parties and recordation data (if recorded) for lease(s) or other continuing contract(s) by which the Applicant claims the right to extract, produce or market the oil or gas are as follows:

Grantor, Lessor, etc.	Grantee, Lessee, etc.	Royalty	Book/Page
SB and MC Kincaid	South Penn Oil Company	1/8	10/204

⁻ See attached sheet for additional information -

Acknowledgement of Possible Permitting/Approval In Addition to the Office of Oil and Gas

The permit applicant for the proposed well work addressed in this application he reby a cknowledges the possibility of the need for permits and/or approvals from local, state, or federal entities in addition to the DEP, Office of Oil and Gas, including but not limited to the following:

- WV Division of Water and Waste Management
- WV Division of Natural Resources
- WV Division of Highways
- U.S. Army Corps of Engineers
- U.S. Fish and Wildlife Service
- County Floodplain Coordinator

The applicant further acknowledges that any Office of Oil and Gas permit in no way overrides, replaces, or nullifies the need for other permits/approvals that may be necessary and further affirms that all needed permits/approvals should be ac quired from the appropriate aut hority before the affected activity is initiated.

Descived		Diane White	
Received	Well Operator:	HG Energy, LLC	
Office of Oil & Gas	By:Its:	Diane White, Agent	

OCT 29 2014

5704750

INFORMATION SUPPLIED UNDER WEST VIRGINIA CODE Chapter 22, Article 6, Section 8(d) IN LIEU OF FILING LEASE(S) AND OTHER CONTINUING CONTRACT(S)

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- (1) the tract of land is the same tract described in this Application, partly or wholly depicted in the accompanying plat, and described in the Construction and Reclamation Plan;
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Grantor, Lessor, etc.	Grantee, Lessee, etc.	Royalty	Book/Page
S. B. and MC Kincaid	South Penn Oil Company	1/8	10/204

Merger and Conveyance dated July 3, 1963, from South Penn Oil Company to Penzoil Company, Kanawha County, Book 153, Page 35,

Assignment, Conveyance and Bill of Sale dated December 28, 1998, from Pennzoil Company to Pennz Energy Exploration and Production, Wetzel County, Book 12, Page 177.

Certificate of Merger filed with the WV Secretary of State, December 31, 1999, whereby Pennz Energy Exploration and Production, successor in interest to; to Penzoil Company, merged with Devon Energy Production Company, LP, Wetzel County, Book 12, Page 278.

Deed, Assignment and Bill of Sale dated June 1, 2000, from Devon Energy Production Company, LP to East Resources, Inc., recorded in Wetzel County, Book 370, Page 580.

Assignment, Conveyance and Bill of Sale, dated January 1, 2011, from East Resources, Inc., to HG Energy, LLC, Wetzel County, Book 118A, Page 253.

Upon information and belief, Operator's lease and/or other real property rights permit it to conduct drillingerations for the subject well in the location shown on the plat, including the use of access roads, pipelines and utilities.

Acknowledgement of Possible Permitting/Approval In Addition to the Office of Oil and Gas

The permit applicant for the proposed well work addressed in this application hereby ackowledges the possibility of the need for permits and/or approvals from local, state or federal entities in addition to the DEP, Office of Oil and Gas, including but not limited to the following:

WV Division of Water and Waste Management WV Division of Natural Resources WV Division of Highways U.S. Army Corps of Engineers US Fish and Wildlife Service County Floodplain Coordinator Received Office of Oil & Gas OCT 2 9 2014

Well Operator: HG Energy, LLC

By: Diane C. White Drane White 11/21/2014

Its: Accountant

Pg 1/2

WW-2B1 (5-12)

Well No. SB Kinkead 201

West Virginia Department of Environmental Protection Office of Oil and Gas

NOTICE TO SURFACE OWNERS

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

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

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

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

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

Certified Laboratory Name

Sturm Environmental Lab

Sampling Contractor

Sturm Environmental Lab

Well Operator

HG Energy, LLC

Address

5260 Dupont Road

Parkersburg, WV 26101

Telephone

304-420-1119

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

Water Sources Identified for Sampling and Testing:

- . John McClain

- · Holly Cottrell
 · James Shamblin
 · Reva Snodgrass
 · Caroline Miller

Received Office of Oil & Gas

OCT 29 2014

WW-2B1 Page 2/2

WATER SUPPLIES TO BE TESTED

S.B. KINKEAD NO.104

John R. McCLain

41 Clay Road

Spencer, WV 25276

Holly Cottrell

89 Edgle Fork

Spencer, WV 25276

James Shamblin

4292 Clay Road

Spencer, WV 25276

Reva Snodgrass

3740 Tranquility Drive

Melbourne, FL 32934

Caroline Miller

4326 Clay Road

Spencer, WV 25276

MUST STAFF AT LEAST ONE BEFORE SPUDDING, AND OFFER TESTING TO ALL.

Sylvin

WW-9 (5/13)

Pa	ige of
API Number 47 -	4
Operator's Well No.	S. B. Kinkead 201

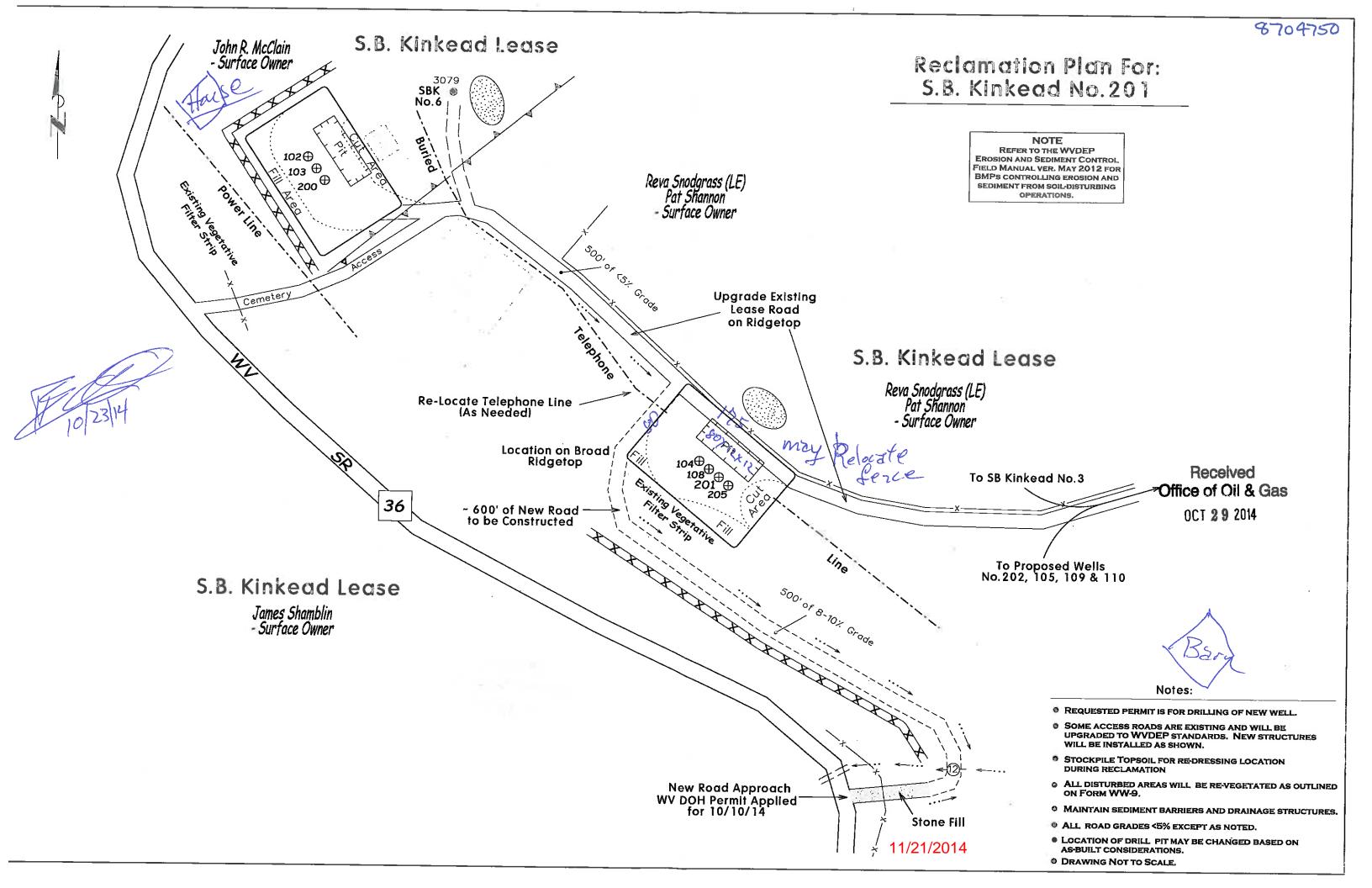
STATE OF WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION OFFICE OF OIL AND GAS

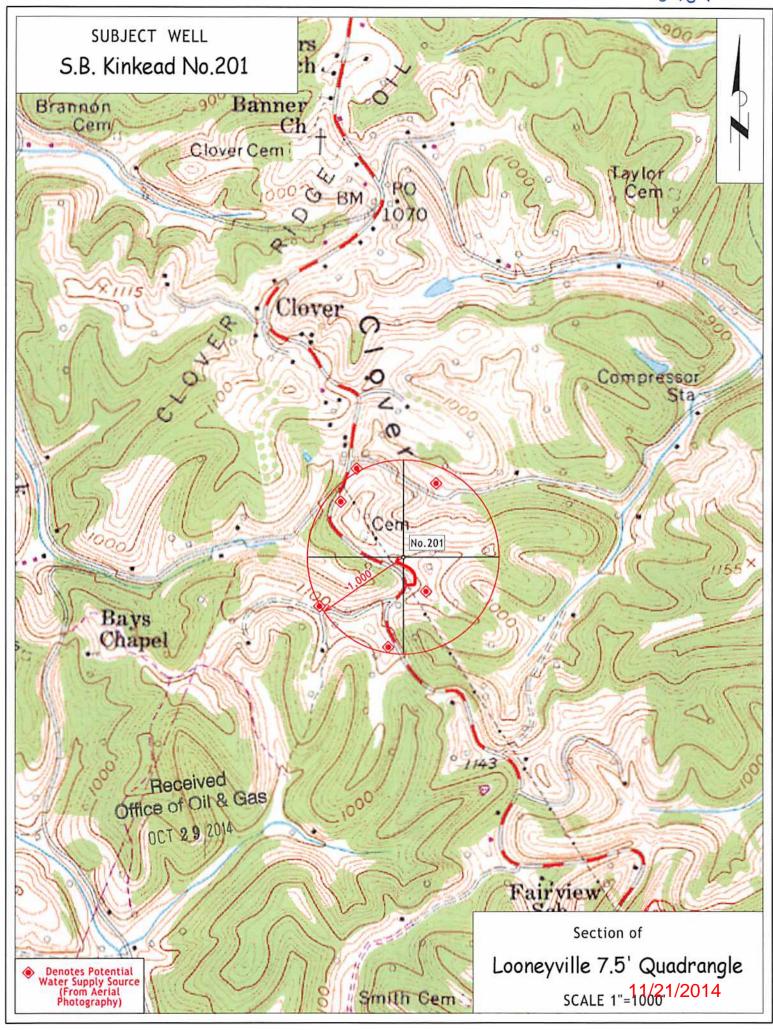
FLUIDS/ CUTTINGS DISPOSAL & RECLAMATION PLAN

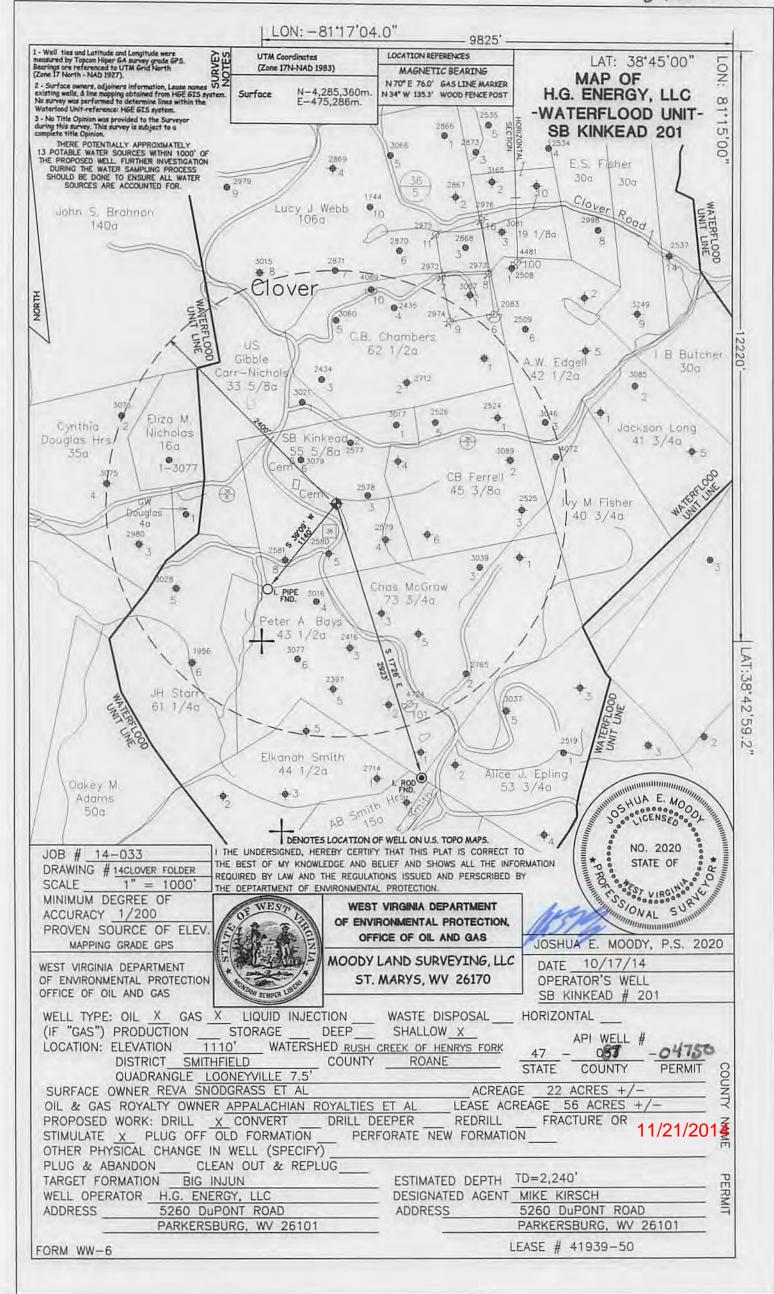
Operator Name_ HG Energy, L	LC	OP Code 494497	948
Watershed (HUC 10) Spring		Quadrangle Looneyville 7,5'	
Elevation 1110	County Roane	District Smithfi	ield
	than 5,000 bbls of water to complete		Nox
If so, please describe	tings? Yesx No anticipated pit waste: Fluids encou	untered while drilling subject wel	1
Will a synthetic liner	be used in the pit? Yes X	Vo If so, what ml.? ZU m	<u>31°</u>
	Method For Treated Pit Wastes:		
V Uno	nd Application Iderground Injection (UIC Permit N USE (at API Number		
Otl	her (Explain	10) disposai recensor	
Will closed loop system be us	sed? No		
Drilling medium anticipated f	for this well? Air, freshwater, oil bas	sed, etc. Air, Fresh Water	
-If oil based, what ty	pe? Synthetic, petroleum, etc. NA		
Additives to be used in drillin	ng medium? Water, soap, KCI		
Drill cuttings disposal method	d? Leave in pit, landfill, removed of	ffsite, etc. Leave in pit	
-If left in pit and plan	in to solidify what medium will be us	sed? (cement, lime, sawdust) Native	e soil, cement, lime
-Landfill or offsite n	name/permit number?		
on August 1, 2005, by the Of provisions of the permit are law or regulation can lead to I certify under pena application form and all attacks in the information. I	rstand and agree to the terms and conffice of Oil and Gas of the West Virg enforceable by law. Violations of a enforcement action. alty of law that I have personally of tachments thereto and that, based I believe that the information is true information, including the possibili	any term or condition of the general examined and am familiar with the on my inquiry of those individua ue, accurate, and complete. I am	al permit and/or other applicable information submitted on the last immediately responsible for
Company Official Signature	a: 1 11:+		OCT 29 2014
Company Official (Typed N	F1 140.11		24.22.23
Company Official Title	Agent		
Subscribed and sworn before	I lette	October Notary Pu	. HG Energy LLC
My commission expires	1100 12,208		5260 Dupont Road Parkersburg West Virginia 2610

Form WW-9			Operator's Well No.	SB Kinkead 20
Proposed Revegetation Treatme	ent: Acres Disturbed	1.7 acres	Prevegetation pH	
Fertilizer (10-20-20 or	r equivalent) 500	pH0.5 _lbs/acre (500 lbs mini	imum)	
Mulch_Straw	2 _{To}	ons/acre Seed Mixtures		
Seed Type Tall Fescue	lbs/acre		Area II Seed Type	lbs/acre 40
Ladino Clover	5	Ladino C	Clover	5
Plan Approved by: Comments:	ediment con	trol et à	all times	
Title: Inspec	tor	Date:	10/23/14	
Field Reviewed?	Yes () No		5 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -

Received Office of Oil & Gas 0CT 2 9 2014









Received Office of Oil & Gas 001 2 9 2014

October 21, 2014

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

RE: S. B. Kinkead No. 201

Smithfield District, Roane County

West Virginia

Dear Mr. McLaughlin:

Enclosed are the Forms WW-2A, WW-2A (1), WW-2B, WW-9, WW-2(B1), mylar of plat, reclamation plan, topo map and copy of the certified mailing receipt for a permit to drill the above-captioned shallow, producing well. Our check in the amount of \$650 is attached.

If you have any questions regarding this application, please call me at 304-420-1119.

Very truly yours,

Diane White

Diane C. White

Enclosures

cc:

Reva Snodgrass - Certified Ed Gainer - Inspector