

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

April 07, 2015

WELL WORK PERMIT

Vertical Well

This permit, API Well Number: 47-8704775, issued to HG ENERGY, LLC, is evidence of permission granted to perform the specified well work at the location described on the attached pages and located on the attached plat, subject to the provisions of Chapter 22 of the West Virginia Code of 1931, as amended, and all rules and regulations promulgated thereunder, and to all conditions and provisions outlined in the pages attached hereto. Notification shall be given by the operator to the Oil and Gas Inspector at least 24 hours prior to the construction of roads, locations, and/or pits for any permitted work. In addition, the well operator shall notify the same inspector 24 hours before any actual well work is commenced and prior to running and cementing casing. Spills or emergency discharges must be promptly reported by the operator to 1-800-642-3074 and to the Oil and Gas inspector.

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

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

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

Operator's Well No: C. MCGRAW 206

Farm Name: FISCHER, RICHARD & RONALD

James Martin

API Well Number: 47-8704775

Permit Type: Vertical Well

Date Issued: 04/07/2015

Promoting a healthy environment.

,)	Operator: HG ENERGY, LLC API: 8704775
W	WELL No: C. MCGRAW 206
	Reviewed by: 9 mm Date: 4/6/15
	15 Day End of Comment: 03/10/15
	CHECKLICT FOR FILING A DEDMIT
	CHECKLIST FOR FILING A PERMIT
	Vertical Well
	WW-2B
	✓ Inspector signature on WW-2B
	✓ WW-2A (Notarized)
	Certified Mail Receipts, Waivers, or Affidavits of Personal Service
	Surface Owner Waiver
	Coal Owner / Lessee /Operator Waiver
	WW-2A-1 (Signed) Showing Book/Page Number and Royalty Percentage
	WW-2B-1 (Names, addresses, and spot on topographical map listed as water t
	WW-9 (Page 1 & 2) (Notarized)
	More than 5,000 bbls
	Inspector Signature on WW-9
	Reclamation plan
	Topographic Map of location of well

Mylar Plat (Signed and Sealed) (Surface owner on plat matches WW-2A)

Worker's Compensation / Unemployment Insurance account is OK

Class I Legal Advertisement in Newspaper for first permit on well pad

Company is Registered with the SOS

\$650.00 check (\$550.00 if no pit)

Flow Distance to Nearest Intake

Site Construction Plan Well Site Safety Plan

Within a Municipality

Erosion and Sediment Control Plan

Professional Engineer/Company has COA

Mine Data Addendum CK-2940

water testing)

PERMIT CONDITIONS

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

CONDITIONS

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

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

1) Well Operator:	HG E	nergy, L	LC	494497948	Roane	Smithfield	Looneyville 7.5'
				Operator ID	County	District	Quadrangle
2) Operator's Well Number: Charles McGraw 206 3) Elevation: 1111'							
4) Well Type: (a)	Oil_X	_ or Gas	S				
(b)	If Gas:	Produc	ction / Und	erground Sto	rage	14.	
			/ SI				
6) Proposed Tota7) Approximate fr	5) Proposed Target Formation(s): Big Injun Proposed Target Depth: 2235 TVD 6) Proposed Total Depth: 2235 TMD Feet Formation at Proposed Total Depth: Big Injun 7) Approximate fresh water strata depths: 400' 8) Approximate salt water depths: 1635'						
9) Approximate c	oal sear	n depths	: _NA				-
10) Approximate	void de	oths,(coa	I, Karst, other):	NA			
11) Does land co	ntain co	al seams	s tributary to act	ive mine? _	NA		
12) Describe proposed well work and fracturing methods in detail (attach additional sheets if needed) Drill and stimulate production well in the Big Injun. Stimulation will be small hydraulic fracture.							
// /// 15							
CASING AND TUBING PROGRAM SPECIFICATIONS FOOTAGE INTERVALS CEMENT							
TYPE SF	ECIFIC	ATIONS	TALLER STANDARD	FOOTAGE		THE RESERVE OF THE PARTY OF THE	
N/	<u>Size</u>	<u>Grade</u>	Weight per ft	For Drilling	<u>Left in Well</u>		#UDVER I
Conductor	7"	LS ST&C	17#	515'	515'	Cement to	Surface
Fresh Water			7.1				
Coal		-					
Intermediate							
Production	4 1/2"	J-55	10.5#	2220'	2220'	200	sks
Tubing Office of Oil							
Liners	and Gas						S
	FEB 2 3 2015						
Packers: Kind: Sizes	-			F	WV Depar	tmoni	100
	hs Set				WV Depar Dvironmenta	Protection	04/10/2015

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

1). Date: February 12, 2015

2.) Operator's Well Number

Charles McGraw 206

State

County

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

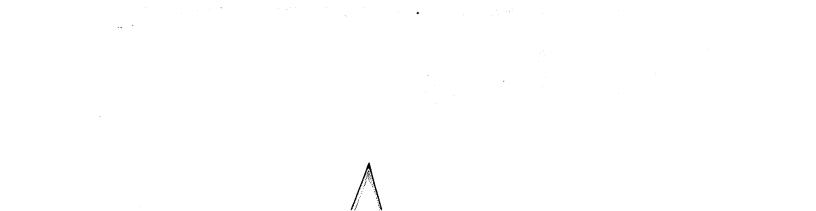
Surface Ow	vner(s) to be served:	5) (a) Coal Operator		
(a) Name	Richard Fisher ,	Name		
Address	4513 Clay Road ✓	Address		
	Spencer, WV 25276			
(b) Name	Reva Snodgrass	(b) Coal Owner(s) with Declaration		
Address	3740 Tranquility Drive √	Name		
71441000	Melbourne, FL 32934	Address		
	Welbourie, i L 32334	- Address		
(c) Name		Name		
Address		Address		
6) Inspector	Ed Gainer	(c) Coal Lessee with Declaration		
Address	P. O. Box 821	Name		
	Spencer, WV 25276	Address		
Telephone	304-389-7582	_		
relephone		MED ABOVE TAKE NOTICE THAT:		
Included is t		contract or contracts by which I hold the right to extra	act oil and gas	
OR	ne lease of leases of other continuing o	continuot of continuoto by timest their me tight to extend		
x Included is t	he information required by Chapter 22.	Article 6, Section 8(d) of the Code of West Virginia	(see page 2)	
		of the West Virginia Code I have served copies of		
application, a loc	cation plat, and accompanying docume	nts pages 1 through on the above named parties	s by:	
- P P	Personal Service (Affidavit attacl		50.00 5.01	
	Certified Mail (Postmarked posta			
_	Publication (Notice of Publication			
I have re		35 CSR 4, and I agree to the terms and condition	s of any permit	
issued under this	s application.			
I certify	under penalty of law that I have perso	onally examined and am familiar with the information	n submitted on	
this application f	form and all attachments, and that bas	sed on my inquiry of those individuals immediately	responsible for	
obtaining the info	ormation, I believe that the information	is true, accurate and complete.		
	are that there are significant penalties	for submitting false information, including the possib	oility of fine and	
imprisonment.		110 5 110		
		HG Energy, LLC		
		Diane White Diane White		
STEEL STEEL	NOTARY PUBLIC	Agent		
		5260 Dupont Road		
S	5. DIANNE DULANEY 5.260 Dupont Road Telephone	Parkersburg, WV 26101		
Parke	rsburg. West Virginia 26101	304-420-1119		
		dwhite@hgenergyllc.com		
Subscribed and	swom before methis 12 day of	February , 2015		
	Chi. Chier	Notary Dublic		
My Commission	Evoires	Notary Public RECEI	VED	
Office of Oil and Cos				
Oil and Gas Privacy Notice				
The Office of Oil and Gas processes your personal information, such as name, address and phone number, as a part of our regulatory duties.				

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 Environmental Protection

STATE OF WEST VIRGINIA
Parkersburg West Virginia 26101
My Commission Expires Oct. 4 2016







Sent To

Reva Snodgrass

Street, Apt. No.; or PO Box No. 3740 Tranquility Drive

City, State, ZIP+4

Melbourne, FL 32934

PS Form 3800, August 2006

See Reverse for Instructions



RECEIVED
Office of Oil and Gas

FEB 2 3 2015

WV Department of Environmental Protection WW-2A1 (Rev. 1/11)

Operator's Well Number Charles McGraw 206

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
CH and Mary McGraw	South Penn Oil Company	1/8	17/570

See Attached Document for more detail*

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 authority before the appropriate authority before the appropriate of Oil and Gas

Well Operator:

By: Its:

Diane White

FFB 2 3 2015

WV Department of Environmental Protection/2015

Form	WW-2A(1)
(10/10))

Operator's Well No. Charles McGraw 206	
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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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Grantor, Lessor, etc.	Grantee, Lessee, etc.	Royalty	Book/Page	
CH and Mary McGraw	South Penn Oil Company	1/8	17/570	

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 drilling perations 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 and Gas

FEB 2 3 2015

Well Operator:	HG Energy, LLC	WV Department of Environmental Protection
Ву:	Diane C. White	Diane What Protection
Ites	Accountant	



WW-2B1 (5-12)

Well No. Charles	McGraw 206
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West Virginia Department of Environmental Protection Office of Oil and Gas

NOTICE TO SURFACE OWNERS

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

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

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

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

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

Certified Laboratory Name

Sturm Environmental

Sampling Contractor

Sturm Environmental

Well Operator HG Energy, LLC

Address

5260 Dupont Road

Parkersburg, WV 26101

Telephone

304-420-1119

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

SEE MAP

* Reva Snodgrass
3740 Tranquility Dr. Melbourne FL 32934

* Richard Fisher 4513 Clay Road Spencer WN 25276

Surface Owners With Wlater Sources Identified for Sampling / Analysis: * Caroline Miller 4326 Clay Road RECEIVED

Spencer WV Office of Oil and Gas * Casie Roberts FEB 23 2015 4454 Clay Road 4454 clay Koda Melbourne My 32934 Department 10/2015

Environmental Protection

WW-9 (5/13)

	Page of
API Number 47 -	-
Operator's Well N	O. Charles McGraw 206

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

FLUIDS/ CUTTINGS DISPOSAL & RECLAMATION PLAN

FEOIDS/ COTTINGS DISTOSA	E & RECEAMATION I EAN
Operator Name HG Energy, LLC	OP Code 494497948
Watershed (HUC 10) Rush Creek of Henrys Fork	Quadrangle _Looneyville 7.5'
Elevation 1111' County Roane	District_ Smithfield
Do you anticipate using more than 5,000 bbls of water to complete to Will a pit be used for drill cuttings? Yes X No No Fluids encounter that you have the solution of the sol	untered while drilling subject well
Will a synthetic liner be used in the pit? Yes No	If so, what ml.? 20 mil
Reuse (at API Number Off Site Disposal (Supply form WW-9 f	or disposal location)
Will closed loop system be used? No	
Drilling medium anticipated for this well? Air, freshwater, oil base	d, etc. Air, Fresh Water
-If oil based, what type? Synthetic, petroleum, etc. NA	
Additives to be used in drilling medium? Water, Soap, KCI	
Drill cuttings disposal method? Leave in pit, landfill, removed offs	ite, etc. Leave in pit
-If left in pit and plan to solidify what medium will be used	1? (cement, lime, sawdust) Native soil, cement, lime
-Landfill or offsite name/permit number?	
on August 1, 2005, by the Office of Oil and Gas of the West Virgin provisions of the permit are enforceable by law. Violations of any law or regulation can lead to enforcement action. I certify under penalty of law that I have personally examplication form and all attachments thereto and that, based or obtaining the information, I believe that the information is true, penalties for submitting false information, including the possibility	amined and am familiar with the information submitted on this a my inquiry of those individuals immediately responsible for accurate, and complete. I am aware that there are significant
Company Official Signature Diane White	OFFICIAL SEAL
Company Official (Typed Name) Diane White	NOTARY PUBLIC STATE OF WEST VIRGINIA
Company Official Title Agent	S. DIACONTE DULANEY S. DIACONTE DULANEY Parkersburg West Virginia 26101 My Commission Explication 2016
Subscribed and sworn before me this 12th day of Febru	uary , 20 15 EB 2 3 2045
Islame Julon	Nother Public
001 11 2011	Environment
My commission expires OG . 9, DOIG O	Environmental Protection

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SIGNAL SULANEY
SIANNE DULANEY
6260 Dupont Road
Parketbud Wast Virgino 26101
My Commission Expires Oct 4 2016

Form WW-9			Ope	rator's Well No	Charles McGraw 206
Proposed Revegetation Treat	nonti Anna Rista I	1.8			
	Tons/acre or to	ned		tation pH	
Fertilizer (10-20-20		500	cre (500 lbs minimum)		
Mulch_ Straw		2 Tons/acr	re		
		Seed 1	Mixtures		
Seed Type Tall Fescue	a I lbs/acre 40		Seed Type Tall Fescue	Area II	lbs/acre
Ladino Clover	5		Ladino Clover		5
Attach: Drawing(s) of road, location, Photocopied section of involv Plan Approved by: Comments:			cation.		
Title: Laspec Field Reviewed?	fo ^C X)Yes				SEIVED Dil and Gas
			Enviro	V Departn Inmental F	nent of 04/10/2019 Protection

MAINTEN GEDIMENT BARRIERE THE BRAINAGE STRUCTURE
ALL ROAD GRADES STRUCTURE NOTED.

LOCATION OF DRILL PIT MAY BE COATGED 2015 5N

AS-BUILT CONSIDERATIONS.

• DRAWING NOT TO SCALE.

Reclamation Plan For: Charles McGraw Wells No.206, 114 & 115

Showing Access Road to WV SR 36

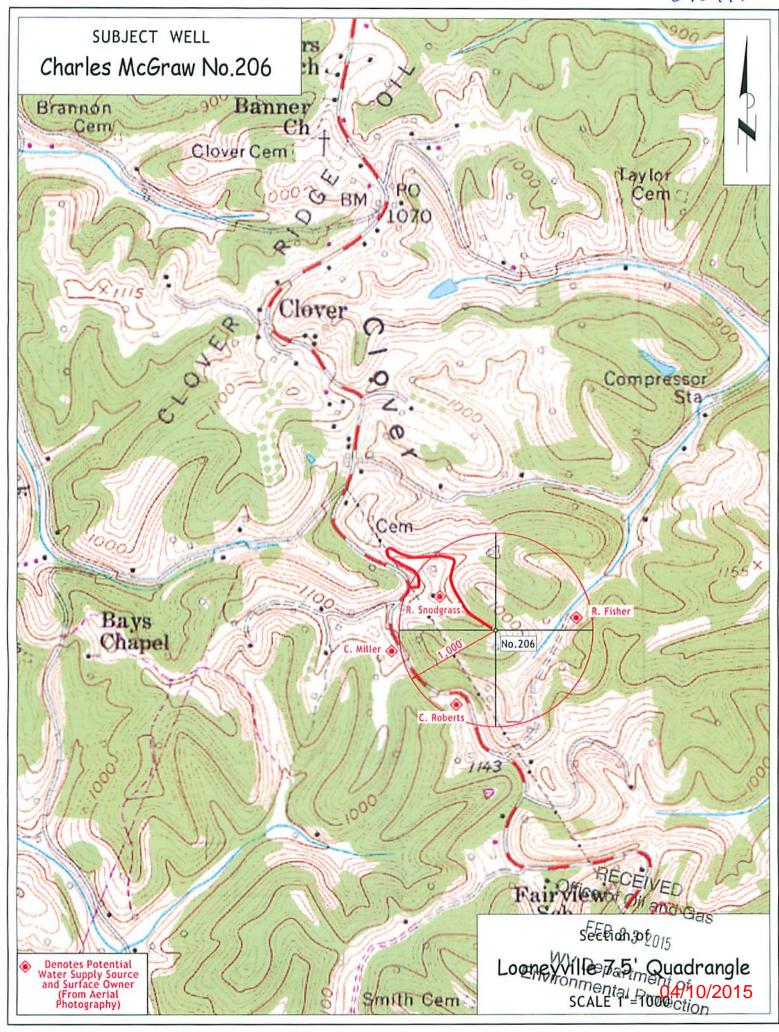
NOTE

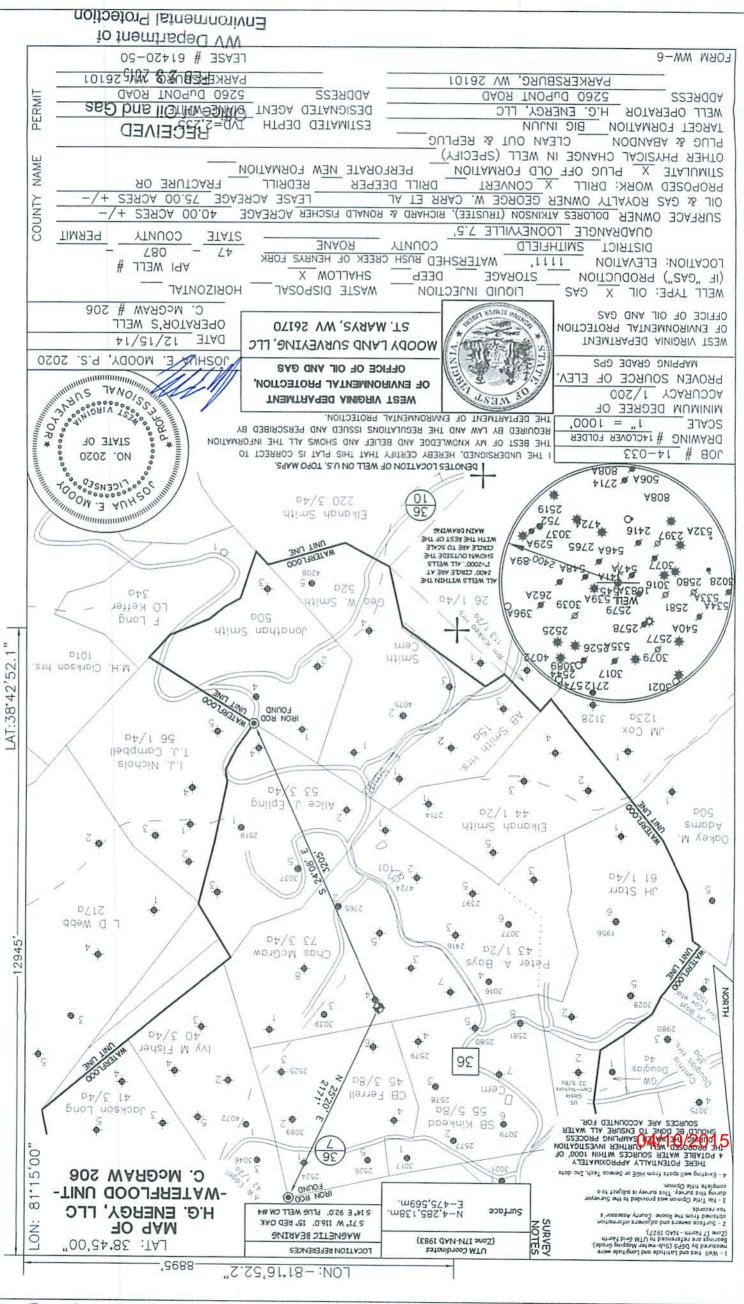
REFER TO THE WVDEP
EROSION AND SEDIMENT CONTROL
FIELD MANUAL VER. MAY 2012 FOR
BMP'S CONTROLLING EROSION AND
SEDIMENT FROM SOIL-DISTURBING
OPERATIONS.

Page 2

Reva Snodgrass (LE) Pat Shannon - Surface Owner Begin New Road Contruction To New Wells CB Ferrell 202 et C 2578 SBK No.3 400' of <5% Grade Road 104⁰ 4749 he 108⁰ 4750 e 201 04748 205 Access Existing This section of road built in 2014 for the drilling of CB Ferrell 202 et al. See permit 47-087-4752 for construction details To Chas. McGraw No.20 New Access Road to WV SR 36 See Page 1 for Road and Location Detail Notes: REQUESTED PERMIT IS FOR DRILLING OF NEW WELL. SOME ACCESS ROADS ARE EXISTING AND WILL BE UPGRADED TO WINDEP STANDARDS NEW STRUCTURES WILL BE INSTALLED AS HOWN AND GO STOCKPILE TOPSOIL FOR RE-DRESSING EXCATION DURING RECLAMATION 2 3 2015

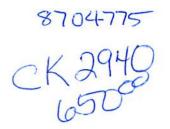
ALL DISTURBED AREAS WILL BE RE-VEGETATED AS OUTLINE ON FORM WWW.9 36







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



February 10, 2015

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

RE: Charles McGraw No. 206

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: Richard Fisher - Certified

Reva Snodgrass - Certified Ed Gainer - Inspector

RECEIVED
Office of Oil and Gas

FEB 2 3 2015

WV Department of Environmental Protection 04/10/2015