

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 05, 2016

WELL WORK PERMIT

Vertical Well

This permit, API Well Number: 47-8704786, 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: CARR - NICHOLS 216

Farm Name: MCCLAIN, JOHN R

API Well Number: 47-8704786

Permit Type: Vertical Well

Date Issued: 05/05/2016

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, drilling ceased, completion of any other permitted well work and completion of the well. Such notice shall be provided by sending an email to DEPOOGNotify@wv.gov within 30 days of commencement of drilling.

05/06/2016

WW - 2B (Rev. 8/10)

> Sizes: Depths Set

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

		nergy, L	LC	494497948	Roane	Smithfield	Looneyville 7.5
	-			Operator ID	County	District	Quadrangle
2) Operator's V	Well Numb	oer:_Car	r Nichols 216		3) Elevation:	1124'	
) Well Type: ((a) Oil_X	or Ga	as				
(b) If Gas:	Produ	iction / Un	derground Sto	rage	_	
		Deep	p/ 8	Shallow X	_		
) Proposed To	otal Depth e fresh wa	i: <u>2414' MI</u> iter strata	Big Injun Feet a depths: _474' :: _1724'	Formation at F	Proposed Tai Proposed Tota	rget Depth: _ al Depth: _ ^{Big}	2256' Injun
) Approximate	e coal sea	m depths	s: NA				
			al, Karst, other):	NA			
					IΛ		
1) Does land	contain co	oal seam	s tributary to ac	tive mine?	NA.		
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rill and stimula 3) TYPE S Conductor	specific	ction well CA ATIONS	in the Big Injun	BING PROGR	will be small h	ydraulic frac	NT . Ft.)
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rill and stimula 3) TYPE Conductor Fresh Water	SPECIFIC Size	CA ATIONS Grade	ASING AND TU	BING PROGR FOOTAGE For Drilling	AM INTERVALS Left in Well 624'	S CEMEI Fill -up (Cu	NT . Ft.)
3) TYPE S Conductor Fresh Water Coal Intermediate	SPECIFIC Size	CA ATIONS Grade	ASING AND TU	BING PROGR FOOTAGE For Drilling	AM INTERVALS Left in Well 624'	S CEME	NT . Ft.)
and stimula TYPE Conductor Fresh Water Coal	SPECIFIC Size 7"	CATIONS Grade LS	in the Big Injun ASING AND TU Weight per ft 17#	BING PROGR FOOTAGE For Drilling 624'	AM INTERVALS Left in Well 624'	CEIVED	NT . Ft.)
TYPE S Conductor Fresh Water Coal Intermediate Production	SPECIFIC Size 7"	CATIONS Grade LS	in the Big Injun ASING AND TU Weight per ft 17#	BING PROGR FOOTAGE For Drilling 624'	AM INTERVALS Left in Well 624'	CEIVED	NT . Ft.)

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

March 14, 2016 1). Date:

2.) Operator's Well Number

Carr Nichols 216

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

4)	Surface Ow	ner(s) to be served:	5) (a) Coal Op	erator
	(a) Name	John R. McClain	Name	NA
	Address	4161 Clay Road	Address	
		Spencer, WV 25276		
	(b) Name	Reva Snodgrass Estate	(b) Coal C	Owner(s) with Declaration
	Address	3740 Tranquility Drive	Name	NA
		Melbourne, FL 32934	Address	710
		Weibeame, 1 E 0200 1		
	(c) Name		Name	
	Address	-	Address	7
	Addiess			-
6) [nspector	Joe Taylor	(c) Coal L	essee with Declaration
	Address	1478 Claylick Road	Name	NA
		Ripley, WV 25271	Address	
	Telephone	304-380-7469	_, .,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
	o a solution of	TO THE PERSONS NA	MED ABOVE T	AKE NOTICE THAT:
	Included is th			acts by which I hold the right to extract oil and gas
OR	indiaded is to	io leader of leaders of earlier community	community of community	dote by What There the fight to extract on the gad
	Included is th	ne information required by Chapter 22	2. Article 6, Section	n 8(d) of the Code of West Virginia (see page 2)
				inia Code I have served copies of this notice and
app				ugh on the above named parties by:
	**********	Personal Service (Affidavit attac		
	>	Certified Mail (Postmarked post		ed)
		Publication (Notice of Publication		
	I have re			I agree to the terms and conditions of any permit
issu	ed under this			
				and am familiar with the information submitted on
				ry of those individuals immediately responsible for
obta		rmation, I believe that the information		
		ire that there are significant penalties	for submitting fa	lse information, including the possibility of fine and
imp	risonment.	Wall Operator	HC Engrave I	1.0
			HG Energy, L	Diane White
	-		Diane White Agent	Brane White
	NOT			Decide the second secon
		MGEnergyLLC Address:	5260 Dupont	WV 26101 Oil and Gare
	My	Commission Expires November 2, 2021	Parkersburg,	
	Construence of the Construence o	Telephone:		
Cub	southed and a	Email:		iergylic.com 2016
Sub	scribed and	worn before me this <u>14th</u> day of	March	WW 2016
	10	116		Notary Publical Province
My	Commission I	Expires November 2	2,2021	Notary Publishial Protection
			1 0 1	- 44011
Ull al	nd Gas Privacy	Notice		
The C	Office of Oil and	Gas processes your personal information,	such as name, addr	ress and phone number, as a part of our regulatory duties.
Your	personal inform	nation may be disclosed to other State ager	icles or third parties	in the normal course of business or as heared for admitted

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

Operator's Well Number Carr Nichols 216

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.

Rovaltv

Book/Page

** See Attached Sheet **

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 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

C. Fried	RECE	VED)
Office	of Oil	and	Gas

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 affirmating all needed permits/approvals should be ac quired from the appr opriate aut hority before the affected activity is initiated. Environmental Protection

Well Operator:

Diane W HG Energy, LLC

By:Its:

Diane White, Agent

Operator's	Wall No	
Operators	well no.	

Charles B. Ferrell 218

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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- (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	
Nicholas Carr, et ux	South Penn Oil Company	1/8	4/201	

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

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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

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Office of Oil and Gas

APR 1 8 2016

WV Department of Environmental Protection

Well Operator: HG Energy, LLC

By: Diane C. White Its: Accountant

05/06/2016

WW-2B1 (5-12)

Well No.	Carr Nichols 216	
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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 Labora	atory Name	Sturm Environmental
Sampling Cont	ractor	Sturm Environmental
Well Operator	HG Energy, L	LC
Address	5260 Dupont I	Road
	Parkersburg, \	WV 26101
Telephone	304-420-1119	
Telephone		

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 Attached Sheet -

WW-2B1 Page 2 - Continued Well No.

CB Ferrell 218

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.

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 underlining which one you have selected to sample and analyze. If there are no water wells or springs within 1000 feet of the proposed site please indicate such.

Surface Owners Identified With Water Sources to be Sampled and Tested:

- * John R. McClain 4161 Clay Road Spencer, WV 25276
- * Terry Rexroad 4026 Clay Road Spencer, WV 25276
- * Clifton Sommer Clay Road Spencer, WV 25276

- * Devin Rhodes Clay Road Spencer, WV 25276
- Holly Cottrell
 89 Edgle Fork Road
 Spencer, WV 25276
- * James Shamblin 4292 Clay Road Spencer, WV 25276

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Office of Oil and Gas

APR 1 8 2016

WV Department of Environmental Protection

	Page	of	0101
API Number 47 -			
Operator's Wel	No. Carr Niche	ols 216	

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

FLUIDS/ CUTTINGS DISPOSAL & RECLAMATION PLAN

Watershed (HUC 10) Edge	II Fork	Quadrangle Looneyville 7.5	
Elevation 1124'	County Roane	District Smithfield	
Do you anticipate using more	than 5,000 bbls of water to complete the	he proposed well work? Yes No x	
Will a pit be used for drill cu	ttings? Yes_x No		
If so, please describe	e anticipated pit waste: Fluids encoun	tered while drilling proposed well	
Will a synthetic line	r be used in the pit? Yes No	If so, what ml.? 30 mil	
Proposed Disposal N	Method For Treated Pit Wastes:		
_ L a	and Application		
	nderground Injection (UIC Permit Nun euse (at API Number	nber)
	If Site Disposal (Supply form WW-9 for	r disposal location)	-/
Ot	ther (Explain		-
Vill closed loop system be us	sed? No		
Orilling medium anticipated	for this well? Air, freshwater, oil based		
	ype? Synthetic, petroleum, etc. NA		
	ng medium? Water, Soap, KCI		
	d? Leave in pit, landfill, removed offsit	A complete and the second second	
		? (cement, lime, sawdust) Native soil, cement, lime	
		(cement, fine, sawdust) sauve den, sement, inne	
-Landfill or offsite n	ame/permit number?		
on August 1, 2005, by the Of provisions of the permit are law or regulation can lead to I certify under pena	fice of Oil and Gas of the West Virginia enforceable by law. Violations of any enforcement action. alty of law that I have personally examinated tachments thereto and that, based on	tions of the GENERAL WATER POLLUTION PERMI a Department of Environmental Protection. I understand term or condition of the general permit and/or other ap- mined and am familiar with the information submitted my inquiry of those individuals immediately respons- accurate, and complete. I am aware that there are sig-	I that to oplicate I on the sible of
htaining the information I	believe that the information is true, information, including the possibility of	of fine or imprisonmen RECEIVED	5.11.10
btaining the information, I benalties for submitting false	information, including the possibility of Diane White	of fine or imprisonmen RECEIVED Office of Oil and Gas	_
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Proposed Revegetation Treat	ment: Acres Disturbe	_{ed} 0.6 a	Creas Prevegetation pl	H
Lime 3	Tons/acre or to	correct to pH	6.5	
Fertilizer (10-20-20		500	acre (500 lbs minimum)	
Straw	or equivalent)	2		
Mulch Straw		Tons/ac	re	
		Seed	Mixtures	
Ar	ea I			еа П
Seed Type	lbs/acre		Seed Type	lbs/acre
Tall Fescue	40		Tall Fescue	40
Ladino Clover	5		Ladino Clover	5
Attach: Drawing(s) of road, location,	pit and proposed area	ı for land appli	cation.	
	ved 7.5' topographic s	sheet.		
Drawing(s) of road, location, Photocopied section of invol ** Sediment Contr	ved 7.5' topographic s	sheet.	III Times **	
Drawing(s) of road, location, Photocopied section of invol ** Sediment Contr Plan Approved by:	ved 7.5' topographic s	sheet.	III Times **	
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