

#### west virginia department of environmental protection

Office of Oil and Gas 601 57th Street, S.E. Charleston, WV 25304 (304) 926-0450 fax: (304) 926-0452 Jim Justice, Governor Austin Caperton, Cabinet Secretary www.dep.wv.gov

#### PERMIT MODIFICATION APPROVAL Horizontal 6A / New Drill

ARSENAL RESOURCES LLC 6031 WALLACE ROAD EXTENSION SUITE 300

WEXFORD, PA 15090

Re: Permit Modification Approval for COALQUEST 2 211H

47-091-01336-00-00

Extending lateral length

#### ARSENAL RESOURCES LLC

The Office of Oil and Gas has reviewed the attached permit modification for the above referenced permit. The attached modification has been approved and well work may begin. Please be reminded that the oil and gas inspector is to be notified twenty-four (24) hours before permitted well work is commenced.

If there are any questions, please feel free to contact me at (304) 926-0450.

James A. Martin

Chief

Operator's Well Number: COALQUEST 2 211H Farm Name: COALQUEST DEVELOPMENT LLC U.S. WELL NUMBER: 47-091-01336-00-00

Horizontal 6A / New Drill

Date Issued: 8/4/2017

Promoting a healthy environment.



June 29, 2017

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WVDEP Office of Oil and Gas ATTN: Laura Adkins

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WV Department of Environmental Protection

601 57th Street SE Charleston, WV 25304

RE: Coalquest 2 Pad - Coalquest 2 211, API# 47-91-01336 - Modification to extend lateral

#### Dear Laura:

Enclosed please find the modification for the Coalquest 2 211 (API# 47-91-01336). This well was originally permitted to 6,982.71'. We have obtained additional leasing for this site and request a modification to extend the lateral to 9,227.14'. Included are the following:

- Revised Plat
- Revised WW-6B Form
- Revised WW-6A1

Should you have any questions or need any additional information, please feel free to contact me by phone or email. Thank you!

Sincerely,

Carolinda Flanagan Permitting Specialist

1-304-838-2987 mobile 1-724-940-1224 office

cflanagan@arsenalresources.com

Area of Review Report - \_\_Coalquest2\_\_\_\_ Pad, \_\_\_211\_\_ Lateral, \_\_\_Taylor\_\_\_\_ County, WV

Well Name	API Number	Operator Name / Address	Well Type	Latitude	Longitude	Total Depth	Perforated Formation(s)	Producing Zones not Perforated
Coaltrain 7	091-00707	Alliance Petroleum Corp	Vertical/Active	39.294336	-80.106791	4712	Fourth, Riley	NA
Live Plants 2	091-00252	Bonnie Plant Farm	Vertical	39.271312	-80.115413	4654	Fourth, Fifth, Riley	NA
Coaltrain Corp 11	091-00763	Petroleum Development Corp	P&A-1992	39.301522	-80.1102	NA	NA	NA
e Mason 1 (Co_Num 6	091-30020	Pittsburgh & WV Gas	Vertical	39.319503	-80.118421	2325	Fifty-Foot, Fifth	NA
1								

OFFICE OF OIL AND GAS

4709101336

WW-6B (04/15) 4709101336

API NO. 47-91

OPERATOR WELL NO. Coalquest 2 211
Well Pad Name: Coalquest 2

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

1) Well Operator: Arsenal Resources	494519412	Taylor	Courthou	Grafton
<del></del>	Operator ID	County	District	Quadrangle
2) Operator's Well Number: Coalquest 2 211	Well Pad	Name: Coalq	uest 2	
3) Farm Name/Surface Owner: Coalquest Developm	nent LLC Public Road	d Access: Wend	dell Road CR	36, CR11/1 and CR 11
4) Elevation, current ground: 1265' E	Elevation, proposed 1	ost-construction	on: 1266'	
5) Well Type (a) Gas X Oil	Unde	rground Storag	ge	
Other				
(b)If Gas Shallow X Horizontal X	Deep		Off	RECEIVED lice of Oil and Gas
6) Existing Pad: Yes or No No			J	UN 3 0 2017
7) Proposed Target Formation(s), Depth(s), Antio Marcellus Shale, Top 7692', Bottom 7790', 98',		nd Expected Pr	essure(s):w Envir	V Department of onmental Protection
8) Proposed Total Vertical Depth: 7,779'	<del></del>		-	
9) Formation at Total Vertical Depth: Marcellu	s Shale			
10) Proposed Total Measured Depth: 17,682'				
11) Proposed Horizontal Leg Length: 9,227.14				
12) Approximate Fresh Water Strata Depths:	400'			
13) Method to Determine Fresh Water Depths:	Offsetting wells reported water	r depths (091-00707, 0	091-00708, 091-0	00740, 091-00761, 091-00763)
14) Approximate Saltwater Depths: 1110'				
15) Approximate Coal Seam Depths: Bakerstown - 544'. Br	rush Creek – 645', Upper Freeport – 707',	Lower Freeport – 743', Upper K	itlanning – 837', Middle	Kittanning – 871', Lower Kittanning – 902'
16) Approximate Depth to Possible Void (coal m	nine, karst, other):	None known		
17) Does Proposed well location contain coal sea directly overlying or adjacent to an active mine?		No	None kno	own
(a) If Yes, provide Mine Info: Name:				
Depth:				
Seam:				
Owner:				

WW-6B (04/15) 4709101336

API NO. 47- 91 - 01336 00 COAlquest 2 211

Well Pad Name: Coalquest 2

18)

#### **CASING AND TUBING PROGRAM**

ТҮРЕ	Size (in)	New or Used	Grade	Weight per ft. (lb/ft)	FOOTAGE: For Drilling (ft)	INTERVALS: Left in Well (ft)	CEMENT: Fill-up (Cu. Ft.)/CTS
Conductor	24"	New	H-40	94#	80'	80'	CTS
Fresh Water	13.375"	New	J-55	54.5#	650'	650'	CTS
Coal							
Intermediate	9.625"	New	J-55	40#	1,600'	1,600'	CTS
Production	5.5"	New	P-110	20#	17,682'	17,682'	TOC @ 1,450' MD
Tubing							
Liners							

Lement I Shaparth 6-14-17

ТҮРЕ	Size (in)	Wellbore Diameter (in)	Wall Thickness (in)	Burst Pressure (psi)	Anticipated Max. Internal Pressure (psi)	Cement Type	Cement Yield (cu. ft./k)
Conductor	24"	36"			0	Type 1, 3% Calcium	1.20
Fresh Water	13.375"	17.5"	0.38"	2,730	0	Class A 3% CaC12	1.20
Coal							
Intermediate	9.625"	12.25"	0.395"	3,950 psi	0	Class A 2% CaC12	1.29
Production	5.5"	8.5-8.75	0.361"	12,640 psi	9,500	Type 1	1.64/1.32
Tubing					5,000		
Liners	7 = 1				N/A		

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#### **PACKERS**

Kind:	Environmental Prote
Sizes:	
Depths Set:	

4709101336

WW-6B (10/14) API NO. 47-91 - 01336

OPERATOR WELL NO. Coalquest 2 211

Well Pad Name: Coalquest 2

#### 19) Describe proposed well work, including the drilling and plugging back of any pilot hole:

The well will be started with a conductor rig drilling a 36" hole to Conductor programmed depth then running 24" casing and grout cement back to surface. The conductor rig will move out and the drilling rig will move in and rig up. The drilling rig will then spud a 17 ½" hole and drill to fresh water casing (Surface) to the programmed depth, Run 13- 3/8" casing and cement to surface. The rig will continue drilling a 12- ½" intermediate hole to the programmed depth, run 9-5/8" casing and cement to surface. The rig with then continue to drill a 8- ¾" hole to a designed Pilot Hole Depth, log the well, and then set a cement kick-off plug from Pilot hole TD to designed kick-off point. Once the plug has cured, the plan is to then start drilling the curve and lateral section to the programmed total measured depth, run 5 ½" casing and cement according to the program.

20) Describe fracturing/stimulating methods in detail, including anticipated max pressure and max rate:

The well will be completed using a plug and perforation method and stimulated with a slickwater and sand slurry. The anticipated maximum rate will be 90 bpm and the maximum pressure will be 9,500 psi.

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- 21) Total Area to be disturbed, including roads, stockpile area, pits, etc., (acres): 3.48
- 22) Area to be disturbed for well pad only, less access road (acres): 3.48
- 23) Describe centralizer placement for each casing string:

20"- No centralizers 13 3/8" – one bow spring centralizer on every other joint 95/8" – one bow spring centralizer every third joint from TD to surface  $5\frac{1}{2}$ " – one semi rigid centralizer on every joint from TD of casing to end of curve. Then every other joint to KOP. Every third joint from KOP to 1,400'; there will be no centralizers from 1,400' to surface.

24) Describe all cement additives associated with each cement type:

24" will be grouted from surface. The 13-3/8" casing will be cemented to surface with Class A cement and no greater than 3% CaCl (calcium chloride). The 9-5/8" casing will be cemented to surface with Type 1 cement, & no greater than 3% calcium chloride. The 5-1/2" production string will be cemented back to 1,150' (+/- 200' above the casing shoe for the 9-5/8") with Type 1 or Class A cement retarder (to extend pumpability) cellophane flaked for fluid loss, Bentonite gel as an extender (increased pumpability and fluid loss), a defoaming agent to decrease cement foaming during mixing to insure the cement is of proper weight to placement and possibly a gypsum gas blocking additive to aid in blocking/gas migration (in combination with other additive mentioned here, helps cement achieve a "right-angle" set) during the plastic phase of the cement set-up.

#### 25) Proposed borehole conditioning procedures:

Top holes will be drilled with fresh water to KOP. At KOP, the wellbore will be loaded with synthetic oil based mud, barite-weighted mud system with such properties as to build a filter-cake on the face to the bore-hole. This will provide lubricity as well as stabilizing the well bore. We will begin rotating the drill string and mud will be circulated upon reaching TD until no further cuttings are observed coming across the shaker screens. Once clean mud is circulated back to surface, we will pull three stands of drill pipe, load the hole, pull three stands and load the hole. The weight indicator on the rig will be monitored for any occurrences of drag and if any are notices, we will re-run the previous stand of pipe pulled across and circulate 2X bottoms up while watching the shakers for signs of cuttings. Once at the base of the curve, the string will be continuously rotated while pumping 2X bottoms up. We will pull three stands and fill the hole until we reach the vertical section of the well.

\*Note: Attach additional sheets as needed.

4709101336MOD Arsenal Resources ARSENAL CoalQuest 2 211 Casing Design Directional Plan # 4 QES County: State: AFE #: RKB: Ground Level: Hole Taylor
West Virginia
XX API #:
21
1,265 Other Names: Surface Location: N/A TBD XX Bottom Hole Location: Total Depth: TBD 17,682 MD (ft) 7,779 TVD (ft) Casing and Mud Cement Significant Formations (TVD) Depth (ft) TVD Directional & Surveys Logs Depth (ft) Drig /Csg Point None 100 24" 94# H-40 STC Vertical 17 1/2" (PDC) Floc Water Cement:Type 1 489 Sacks w/ 30% Excess TOC: Surface (top off if needed) Section 2 Floc 13 3/8" 54.5# J-55 STC Vertical CBL after c 650 650 None Section 3 12 1/4" (PDC) Floc Cement:Type 1 389 St TOC: Surface (top off if needed) 389 Sacks w/ 50% Excess Possible CBL after ce 9 5/8" 40# J-55 LTC Vertical 1,600 1,600 **Mud Data** Section 4 Floc Floc Water Floc Water 100 1600 7,452 17,682 11.5-12.0 ppg SOBM Bit Data 17-1/2" & 12 1/4" PDC 8- 3/4" (PDC) 8- 1/2" (PDC) From 100 To 1,600 17,682 See Directional Plan **Directional Data** Big Lime 1,661 1st Elk Siltstone 4,758 **Tully Lime** 7,475 Purcell (Limestone) 7.716 Cement: Type 1 1.2 ft3/sack +10% Exs in OH = Lower Marcellus 7,754 3106 sacks TOC: 1,450 ft 17,682 MD

Note: Not drawn to scale

Revision

Date Last Revised: 9-Jun-17

5 1/2" 20# P-110 VAR

Cement Outside Casing Seal Assembly in Annulus WW-6A1 (5/13) Operator's Well No. Coalquest 2 211

#### INFORMATION SUPPLIED UNDER WEST VIRGINIA CODE Chapter 22, Article 6A, Section 5(a)(5) 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:

Lease Name or				
Number	Grantor, Lessor, etc.	Grantee, Lessee, etc.	Royalty	Book/Page

See Attached

#### 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 acknowledges 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

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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 acquired from the appropriate authority before the affected activity is initiated.

Well Operator: Arsenal Resources

By: William Veigel

Its: Designated Agent

Page 1 of 9

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	W Department of Attachme	ent to WW-6A1, CoalQuest 2 - 211HM			
V Envi Letter Designation/Number Designation on Plat	Grantor, Lessor, Assignor, etc.	Grantee, Lessee, Assignee, etc.	Royalty	Book/Page	Acreage
Tract 1 (Lease 00005004)	Patriot Mining Company, Inc.	PDC Mountaineer, LLC	0.155	62/595	19.1
	PDC Mountaineer, LLC	River Ridge Energy, LLC			
Tract 2 and 3 (Lease 00003426)	Coaltrain Corporation	Petroleum Development Corporation	0.125	42/260 44/134	212
	Petroleum Development Corporation	PDC Mountaineer, LLC		30/698	
	PDC Mountaineer, LLC	River Ridge Energy, LLC			
Tract 4 and 5 (Lease 00003751)	Glenn C. Larew and Jarrell S. Larew, his wife; B. Keith Larew and Susan Larew, his wife; Thomas A. Willis and Pamela Willis, his wife	Petroleum Development Corporation	0.125	46/559 48/231 49/416	192
	Petroleum Development Corporation	PDC Mountaineer, LLC		1440/364	
	PDC Mountaineer, LLC	River Ridge Energy, LLC			
Tract 6 (Lease 00006649)	Harry E. Baker and Nancy B. Baker, his wife, and James E. Baker	PDC Mountaineer, LLC	0.15	65/206	50.27
	PDC Mountaineer, LLC	River Ridge Energy, LLC			
Tract 7 and 8 (Lease 00006650)	Larry A. Towner and Donna S. Towner, his wife	PDC Mountaineer, LLC	0.125	65/210	79.36
	PDC Mountaineer, LLC	River Ridge Energy, LLC			
Tract 9 (Lease 00007808)	Franklin E. Simons and Sylvia M. Simons, husband and wife	Mar Key, LLC	0.15	68/554	19.32
Tract 10 (Lease 00007848)	William T. Jenkins and Rebecca L. Shaw, husband and wife	Mar Key, LLC	0.15	68/552	32
Tract 11 (Lease 00007847)	Jay S. Springer and Mary M. Gerba, husband and wife	Mar Key, LLC	0.15	68/548	19.91

# Agreement to Drill, Complete and Operate Oil & Gas Wells

This Agreement to Drill, Complete and Operate Oil & Gas Wells (this "Agreement"), by and among Mountaineer Keystone LLC, a West Virginia limited liability company ("Mountaineer Keystone"), PDC Mountaineer, LLC, a Delaware limited liability company ("PDC"), and PDC Mountaineer Holdings, LLC, a Delaware limited liability company ("PDC Holdings"), is effective as of October 15, 2014. (the "Effective Date") and sets forth the terms pursuant to which Mountaineer Keystone will drill, complete and operate the Wells (as defined below) on behalf of PDC and PDC Holdings. Mountaineer Keystone, PDC, and PDC Holdings are each a "Party" and are collectively the "Parties". In consideration of the foregoing and the respective agreements hereinafter set forth and the mutual benefits to be derived therefrom, the Parties, intending to be legally bound, hereby agree as follows:

- 1. Term: This Agreement is effective from the Effective Date until terminated by Mountaineer Keystone on the one hand or PDC and PDC Holdings on the other hand with 30 days' written notice to the other Party or Parties, as applicable (the "Term").
- 2. Authorization to Operate: PDC and PDC Holdings authorize Mountaineer Keystone to undertake and perform, on PDC and PDC Holdings behalf, all operations, including without limitation permit applications, well pad preparation, drilling and completing wells, and marketing gas, oil and other hydrocarbons therefrom with respect to all oil and gas wells to be drilled on oil and gas leasehold acreage held by PDC or PDC Holdings. PDC, PDC Holdings and Mountaineer Keystone are affiliates with a common parent. Mountaineer Keystone was formed to operate oil and gas leasehold acreage held by PDC, PDC Holdings and certain other affiliates. Mountaineer Keystone agrees that it shall, in a good and workmanlike manner and in accordance with industry standards as they prevail in the area, drill, complete and operate oil and gas wells on leasehold acreage owned by PDC or PDC Holdings from time to time as directed by PDC or PDC Holdings (collectively, the "Wells").
- 3. No Third Party Beneficiary: This Agreement is for the benefit of the Parties and is not for the benefit of any third party.
- 4. Counterparts: This Agreement may be simultaneously executed in several counterparts and via facsimile or similar electronic transmittal, each of which shall be deemed to be an original and taken together shall constitute one and the same instrument.

[Signature Page Follows]

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IN WITNESS WHEREOF, Mountaineer Kcystone, PDC, and PDC Holdings have caused their duly authorized representatives to execute this Agreement as of the Effective Date.

MOUNTAINEER KEYSTONE LLC

Name: Kal Kal

Title: CEO

PDC MOUNTAINEER, LLC

By: Name: 24 Far

Title: Care

PDC MOUNTAINEER HOLDINGS, LLC

Name: Lat Korl

Title: Coo

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#### Agreement to Drill, Complete and Operate Oil & Gas Wells

This Agreement to Drill, Complete and Operate Oil & Gas Wells (this "Agreement"), by and among Arsenal Resources LLC, a West Virginia limited liability company ("Arsenal"), River Ridge Energy, LLC, a Delaware limited liability company ("River Ridge Holdings"), and River Ridge Energy, Holdings, LLC, a Delaware limited liability company ("River Ridge Holdings"), is effective as of March 1, 2017. (the "Effective Date") and sets forth the terms pursuant to which Arsenal will drill, complete and operate the Wells (as defined below) on behalf of River Ridge and River Ridge Holdings. Arsenal, River Ridge, and River Ridge Holdings are each a "Party" and are collectively the "Parties". In consideration of the foregoing and the respective agreements hereinafter set forth and the mutual benefits to be derived therefrom, the Parties, intending to be legally bound, hereby agree as follows:

- 1. Term: This Agreement is effective from the Effective Date until terminated by Arsenal on the one hand or River Ridge and River Ridge Holdings on the other hand with 30 days' written notice to the other Party or Parties, as applicable (the "Term").
- Authorization to Operate: River Ridge and River Holdings authorize Arsenal to undertake and perform, on River Ridge and River Ridge Holdings behalf, all operations, including without limitation permit applications, well pad preparation, drilling and completing wells, and marketing gas, oil and other hydrocarbons therefrom with respect to all oil and gas wells to be drilled on oil and gas leasehold acreage held by River Ridge or River Ridge Holdings. River Ridge, River Ridge Holdings and Arsenal are affiliates with a common parent. Arsenal was formed to operate oil and gas leasehold acreage held by River Ridge, River Ridge Holdings and certain other affiliates. Arsenal agrees that it shall, in a good and workmanlike manner and in accordance with industry standards as they prevail in the area, drill, complete and operate oil and gas wells on leasehold acreage owned by River Ridge or River Ridge Holdings from time to time as directed by River Ridge or River Ridge Holdings (collectively, the "Wells").
- 3. No Third Party Beneficiary: This Agreement is for the benefit of the Parties and is not for the benefit of any third party.
- 4. Counterparts: This Agreement may be simultaneously executed in several counterparts and via facsimile or similar electronic transmittal, each of which shall be deemed to be an original and taken together shall constitute one and the same instrument.

[Signature Page Follows]

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IN WITNESS WHEREOF, Arsenal, River Ridge, and River Ridge Holdings have caused their duly authorized representatives to execute this Agreement as of the Effective Date.

ARSENAL RESOURCES LLC

Name: Joel E. Symonds

Title: Vice President - Land

RIVER RIDGE ENERGY, LLC

Name: Joel E. Symonds

Title: Vice President - Land

RIVER RIDGE HOLDINGS, LLC

Name: Joel E. Symonds

Title: Vice President - Land

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# West Virginia Secretary of State — Online Data Services

### **Business and Licensing**

Online Data Services Help

## **Business Organization Detail**

NOTICE: The West Virginia Secretary of State's Office makes every reasonable effort to ensure the accuracy of information. However, we make no representation or warranty as to the correctness or completeness of the information. If information is missing from this page, it is not in the The West Virginia Secretary of State's database.

#### MAR KEY LLC

Organization Information								
Org Type	Effective Date	Established Date	Filing Date	Charter	Class	Sec Type	Termination Date	Termination Reason
LLC   Limited Liability Company	7/11/2011		7/11/2011	Domestic	Profit			

Business Purpose	2111 - Mining, Quarrying, Oil & Gas Extraction - Oil and Gas Extraction - Crude Oil and Natural Gas Extraction	Capital Stock		
Charter County		Control Number	99Q1F	
Charter State	W	Excess Acres		RECENT
At Will Term	A	Member Managed	MBR	Office of Oil 201
At Will Term Years		Par Value		WV Depa: nent Environmental Prote

Authorized Shares	

Addresses	·	
Туре	Address	
Designated Office Address	65 PROFESSIONAL PLACE SUITE 200 BRIDGEPORT, WV, 26330	
Mailing Address	6031 WALLACE ROAD EXTENSION SUITE 300 WEXFORD, PA, 15090 USA	
Notice of Process Address	CORPORATION SERVICE COMPANY 209 WEST WASHINGTON STREET CHARLESTON, WV, 25302	
Principal Office Address	6031 WALLACE ROAD EXTENSION SUITE 300 WEXFORD, PA, 15090 USA	
<b>/ре</b>	Address	

Officers					
Туре	Name/Address				
Member	MOUNTAINEER KEYSTONE ENERGY LLC 6031 WALLACE ROAD EXTENSION SUITE 300 WEXFORD, PA, 15090				
Organizer	PAUL M HERZING 560 EPSILON DR. PITTSBURGH, PA, 15238 USA				
Гуре	Name/Address	RECEIVED Office of Oil and			

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**Annual Reports** 

**Date filed** 

6/20/2016	4/09101336MoD
6/30/2015	
4/28/2014	
6/28/2013	
5/8/2012	
Date filed	

For more information, please contact the Secretary of State's Office at 304-558-8000.

Thursday, February 23, 2017 — 9:08 AM

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