

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

July 16, 2013

WELL WORK PERMIT

Vertical Well

This permit, API Well Number: 47-10501367, issued to CAD ENERGY CORPORATION, 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: CAD 11

Farm Name: HEARTWOOD FORESTLAND IV

API Well Number: 47-10501367
Permit Type: Vertical Well

Date Issued: 07/16/2013

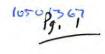
PERMIT CONDITIONS

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 within 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.

Depths Set



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

) Well Operate					105	06	271
	or: CAD	Energy C	Corp.	310296	Wirt	Spring Creek	Burning Springs
	-			Operator ID	County	District	Quadrangle
Operator's V	Vell Numb	er: CAD	11	,	3) Elevation:	909	
Well Type: (a	a) Oil	or Ga	x X				
(1	o) If Gas:	Produ	ction X / Und	derground Sto	rage		
		Deep	/ S	Shallow X	_		
Proposed To Proposed To Approximate Approximate	otal Depth fresh wa	: 5700 ter strata		Formation at F	Proposed Tar Proposed Tota	get Depth: 5 al Depth: Devo	onian Shale
Approximate	coal sea	m depths	S: None				
)) Approxima	te void de	pths,(coa	al, Karst, other):	None			
			s tributary to ac	177.6			
							7.5
Describe pro	oposed we	II work ar	nd fracturing meth	nods in detail (a	ttach additiona	al sheets if nee	eded)
	fron in Do	union Ch	alo				
am and nitroger	n frac in De	vonion Sha	ale				
am and nitroger	n frac in De	vonion Sha	ale				
3)		CA	ASING AND TU			S CEMEI	
3)	SPECIFIC	<u>CA</u> ATIONS	ASING AND TU	FOOTAGE	INTERVALS	1204 1117 171	<u>NT</u>
S) TYPE S		CA	ASING AND TU			1204 1117 117 1	<u>NT</u>
TYPE S	SPECIFIC Size	<u>CA</u> ATIONS	SING AND TU	FOOTAGE	INTERVALS	1204 1117 117 1	<u>NT</u> . Ft.)
TYPE S Conductor Fresh Water	SPECIFIC	<u>CA</u> ATIONS	ASING AND TU	FOOTAGE For Drilling	Left in Well	Fill -up (Cu	<u>NT</u> . Ft.)
TYPE S Conductor Fresh Water Coal	SPECIFIC Size	<u>CA</u> ATIONS	SING AND TU	FOOTAGE For Drilling	Left in Well	Fill -up (Cu	<u>NT</u> . Ft.)
TYPE S Conductor Fresh Water Coal Intermediate	SPECIFIC Size 9-5/8	<u>CA</u> ATIONS	Weight per ft 26 lbs.	For Drilling 250'	Left in Well 250'	Fill -up (Cu	NT . Ft.)
TYPE S Conductor Fresh Water Coal Intermediate	SPECIFIC Size 9-5/8	<u>CA</u> ATIONS	Weight per ft 26 lbs. 15.6 lbs.	For Drilling 250' 1400'	Left in Well 250'	CTS CTS	NT . Ft.)
3)	SPECIFIC Size 9-5/8	<u>CA</u> ATIONS	Weight per ft 26 lbs. 15.6 lbs. 10.5 lbs.	For Drilling 250' 1400'	Left in Well 250'	CTS CTS	NT . Ft.)

Office of Ott 70/10/2013
WV Dept. of Environmental Protection

CK#7507 \$650.0 WW-2A (Rev. 6-07)

1). Date: June 20, 2013 2.) Operator's Well Number **CAD 11** State County Permit 47-

3.) API Well No .:

105

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

	ner(s) to be served		5) (a) Coal Op		
(a) Name	Heartwood Forestland Fund	IV V	_ Name	None	
Address	3001 Emerson Avenue		Address		
	Parkersburg, WV 26104		_		
(b) Name			(b) Coal C	wner(s) with	Declaration
Address			Name	None	
			Address		
			- 1		
(c) Name			Name	-	
Address			Address	-	
/ ludi Coo			_ ///	-	
6) Inspector	Joe Taylor		(c) Coal Le	essee with D	Declaration
Address	497 Claylick Road	1.	Name	None	
100000000000000000000000000000000000000	Ripley, WV 25271		Address	-	
Telephone	304-380-7469			-	
relephone	- A 10 (0) T 3 (0) 0 0	DERSONS NA	MED ABOVE T	AKE NOTIC	E THAT:
Included is th					I hold the right to extract oil and gas
OR Included is the	ie lease of leases of	other continuing	CONTRACT OF CONTR	acts by willon	Thora the right to extract on and gas
X Included is th	ne information require	d by Chapter 22	Article 6. Section	on 8(d) of the	Code of West Virginia (see page 2)
L certify t	hat as required under	r Chapter 22-6	of the West Viro	inia Code I h	have served copies of this notice and
application, a loc	ation plat, and accom	panying docume	ents pages 1 thro	ough /o on th	ne above named parties by:
apphoanon, a los		e (Affidavit attac			
X			al receipt attache	ed)	
		tice of Publication			
I have re	ad and understand C	hapter 22-6 and	35 CSR 4, and	I agree to th	ne terms and conditions of any permit
issued under this	application.				
I certify i	under penalty of law	that I have pers	onally examined	and am fami	iliar with the information submitted on
this application f	orm and all attachme	ents, and that ba	ased on my inqui	iry of those in	idividuals immediately responsible for
obtaining the info	rmation, I believe that	t the information	is true, accurate	and complet	e.
	are that there are sigr	ificant penalties	for submitting fa	alse information	on, including the possibility of fine and
imprisonment.		Mall Operator	CAD Energy Corp.	1 "	Λ
		Well Operator	Russell Hupp	Kun (1)	W.00-
		By:		1 moses	1-ages
		Its:	President	Dodaway	//
		Address	10318 Little Kanawha	Parkway	
		Telephone	Creston, WV 26141 304-275-2055		
Subscribed and	sworn before me this				. 2013.
Subscribed and s	sworn before the this	Zour day or	dullo	}	NOIARY PUBLIC OFFICIAL SEAL
Hunneth	V. Whytel	u		Not	STATE OF WEST VIRGINIA KENNETH V. WHYTSELL
My Commission	Expires	Apr. 10	2016	{	ELANCHINE P.O. BOX 37
Oil and Gas Privacy	Notice	1			GRANTSVILLE, WV 26147 MY COMMISSION EXPIRES APRIL 10, 2016
The Office of Oil and	Gas processes your pe	rsonal information.	such as name, add	ress 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 Proacy Officer at Protection

WV Dept. of Environmental Protection depprivacyofficer@wv.gov

SURFACE OWNER WAIVER

County	Wirt	Operator	CAD Energy Corp.
		Operator well number	CAD 11

INSTRUCTIONS TO SURFACE OWNERS NAMED ON PAGE WW2-A

The well operator named on page WW2A 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 57th St. SE Charleston, WV 25304 (304) 926-0450

Time Limits and methods for filing 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 a dequate d elivery 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.

<u>Comments must be in writing.</u> 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 safety of persons.
- 2) The soil erosion and sediment control plan is not adequate or effective;
- 3) Damage would occur to publicly owned lands or resources;
- 4) The proposed well work fails 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 promulgated under Chapter 22, and has failed 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.

<u>List of Water Testing Laboratories.</u> The Office maintains a list of water testing 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, and attachments consisting of pages 1 through _____ including a work order on F orm WW2-B, a s urvey plat, and a s oil 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		FOR EXECUTION BY A CORPORATION, ETC.		
Date		Company Name	Filmon	
Signature		By		
D'AN-			JUN 2	6 2013
Print Name		Sign	Signature	

Office of Oil and Gas
WV Dept. of Environmental Protection
07/19/2013

WW-2A1 (Rev. 1/11)

Operator's Well Number CAD 11

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	
WEVA Oil Corporation	CAD Energy Corp.	10	117/160	

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

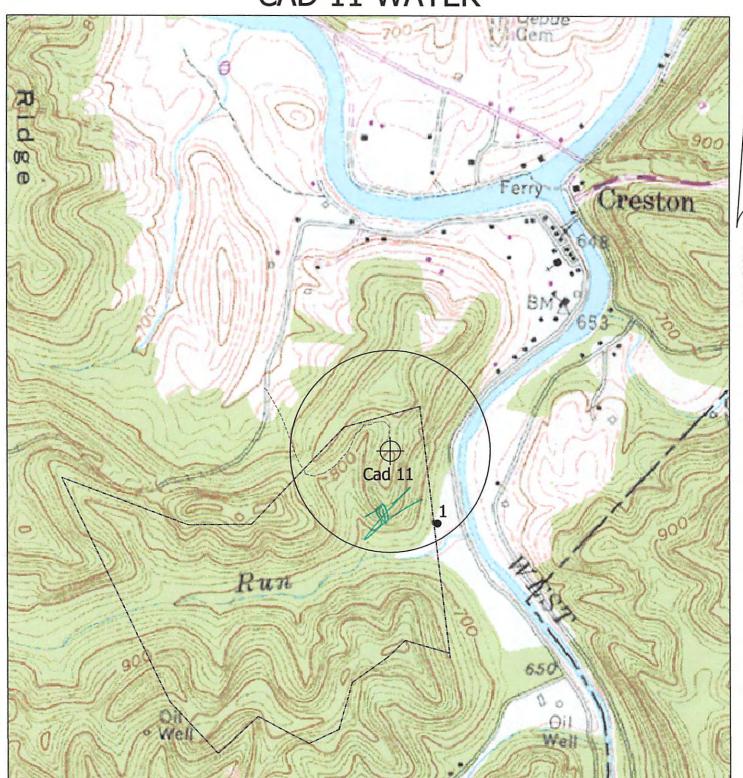
The applicant further acknowledges that any Office of Oil and Gas permit in no way overrides, replaces, or nullifies the need for other permits/approvals that may be necessary and further affirms that all needed permits/approvals should be ac quired from the appropriate authority before the affected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

Received		
Office of Oil & Gas	Well Operator:	CAD Energy Sorp
	By: Its:	fresh Fresident
JUL 10.		//

Form W-9

CAD ENERGY CAD 11 WATER

Page 1 of 1



HUPP Surveying & Mapping

P.O. BOX 647 GRANTSVILLE, WV 26147 PH: (304)354-7035 E-MAIL: hupp@frontiernet.net

1" = 1000' Burning Springs Quad CAD ENERGY

10318 LITTLE KANAWHA PARKWAY

CRESTON PLANT 19/2013

NORTH

HUPP Surveying & MappingP.O. BOX 647

GRANTSVILLE, WV 26147

(304) 354-7035 hupp@frontiernet.net FAX: (304) 354-6548

June 18, 2013

RE: Water Samples for Cad 11

There appears to be one (1) potable water sources within 1,000' of Cad 11, therefore tests should be offered and samples taken as required.

 Heartwood Forestland IV 3001 Emerson Ave. Parkersburg, WV 26104 Tax Map 3 Parcel 61



WW-2B1 (5-12)

Well No. CAD 11

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

Reliance Laboratories
Hupp Surveying

Well Operator CAD Energy Corp.

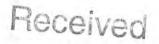
Address 10318 Little Kanawha Parkway

Creston, WV 26141

Telephone 304-275-2055

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.

SER Pa4



JUN 2 6 2013

WW-9 (5/13)

	Pa	age	of
API Number 47 -	105	-	
Operator's	Well No.	CAD 11	

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

FLUIDS/ CUTTINGS DISPOSAL & RECLAMATION PLAN

Operator Name CAD Energy Co	orp.	OP Code 310296	
Watershed (HUC 10) Petes F	Run of West Fork of Little Kanawha _ C	Quadrangle Burning Springs	
Elevation 909	County_Wirt	District Spring Creek	
Do you anticipate using more	than 5,000 bbls of water to complete the	e proposed well work? Yes No X	
Will a pit be used for drill cutt	ings? Yes X No		
If so, please describe	anticipated pit waste: drill cuttings, dril	lling and frac. fluids	
Will a synthetic liner	be used in the pit? Yes X No_	If so, what ml.? 10 MIL.	
Proposed Disposal M	ethod For Treated Pit Wastes:		
	d Application		
Uno	derground Injection (UIC Permit Numbuse (at API Number	ber)	
Off	Site Disposal (Supply form WW-9 for	disposal location)	
Oth	er (Explain		
Will closed loop system be use	ed? No		
Drilling medium anticipated for	or this well? Air, freshwater, oil based,	etc. Air	
-If oil based, what typ	pe? Synthetic, petroleum, etc		
Additives to be used in drilling	g medium?_soap		
Drill cuttings disposal method	? Leave in pit, landfill, removed offsite	e, etc. leave in pit	
-If left in pit and plan	to solidify what medium will be used?	(cement, lime, sawdust) lime	
-Landfill or offsite na	me/permit number?		
on August 1, 2005, by the Off provisions of the permit are e law or regulation can lead to e I certify under penal application form and all atta obtaining the information, I	ice of Oil and Gas of the West Virginia inforceable by law. Violations of any temforcement action. Ity of law that I have personally example the properties of the properties	ions of the GENERAL WATER POLLUTION PERMIT is Department of Environmental Protection. I understand the term or condition of the general permit and/or other application and am familiar with the information submitted or my inquiry of those individuals immediately responsible occurate, and complete. I am aware that there are significant fine or imprisonment.	at the icable n this le for
		i icceived	
Subscribed and sworn before Wy commission expires	me this 20th day of June	Notary Public Offi State of West VI KENNETH V. WHY P.O. BOX 37	IRGINIA TSELL

Form WW-9

Operator's Well No. CAD 11

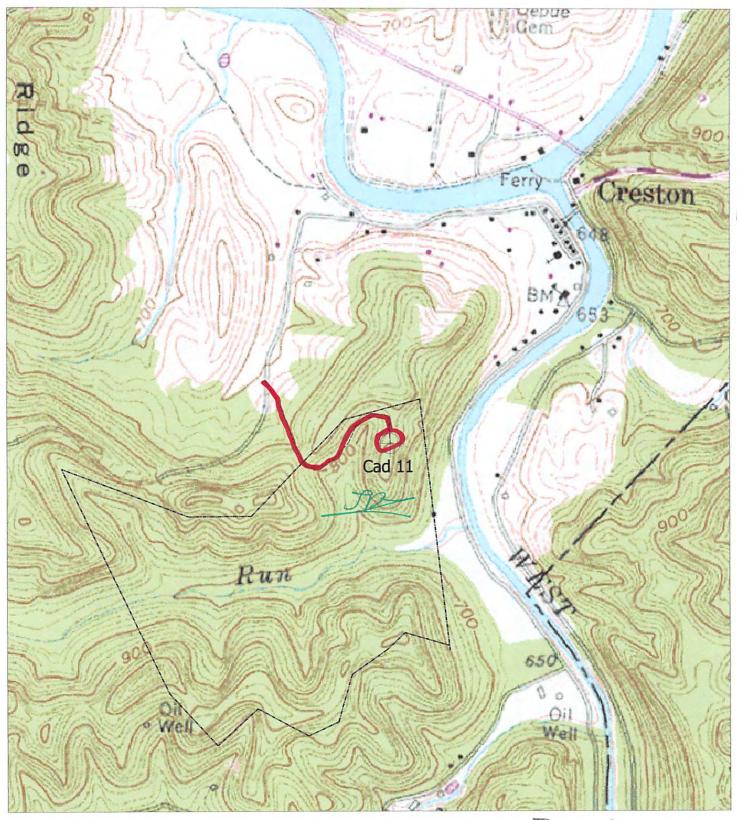
Proposed Revegetation Treat	tment: Acres Disturbed	2	Prevegetation	on pH 5.5 to 6.0
Lime 3	Tons/acre or to corre	ect to pH 6.5		
Fertilizer (10-20-20	or equivalent) 500	lbs/acre (500 lbs m	inimum)	
Mulch Hay @	2	Tons/acre		
		Seed Mixtures		
	ea I			Area II
Seed Type	lbs/acre	T 11 F	Seed Type	lbs/acre
Tall Fescue	40	Tall Fes	scue	40
Ladino Clover	5	Ladino	Clover	5
Annual Rye	10	Annual	Rye	10
Plan Approved by:				
Title: OC - Inspect	4	Date: 6	-24-13	
	Yes	() No		Received

JUN 2 6 2013

Form W-9

CAD ENERGY CAD 11

Page 1 of 1



HUPP Surveying & Mapping

P.O. BOX 647 GRANTSVILLE, WV 26147 PH: (304)354-7035 E-MAIL: hupp@frontiernet.net 1" = 1000'

Received

CAD ENERGY 10318 LITTLE KANAWHA PARKWAY CRESTON, WV 261947/19/2013

> Office of Oil and Gas WV Dept. of Environmental Protection

