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

PERMIT MODIFICATION APPROVAL

January 29, 2014

BLUE CREEK GAS COMPANY
P. O. BOX 6666
CHARLESTON, WV 25302

Re: Permit Modification Approval for API Number 3901935 , Well #: 3-A
Cementing Modification

Oil and Gas Operator:
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.

Please call James Martin at 304-926-0499, extension 1654 if you have any questions.

Sincerely,

for Gene Smith
Regulatory/Compliance Manager
Office of Oil and Gas

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
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January 21, 2014

VIA CERTIFIED MAIL
Article No. [7011 1150 0002 0626 7951]

Mr. Steve Rubin
BLUE CREEK GAS CO.
1700 Pennsylvania Avenue
Charleston, WV 25302-3934
(304) 342-0141 *Telephone*

Re: Request for Modification of Plugging Procedure for API # 47-39-1942, API # 47-39-1935, and API # 47-39-1839 (the "Gas Wells")

Dear Steve,

The agent for service of process of Blue Eagle Land, LLC ("BEL") received the Notice of Application to Plug and Abandon a Well (the "Notice") from Blue Creek Gas Co. ("BCG") on January 15, 2014. Since that time, representatives of BEL have evaluated the impact that BCG's planned plugging procedure will cause to BEL's coal.[1]

Based upon our several discussions, BEL verified that the Gas Wells are older gas wells and, as such, do not utilize coal protection casings. Moreover, based upon BEL's geologic information, there are workable coal beds that the Gas Wells penetrate. Thus, the applicable statute governing the plugging procedure for the Gas Wells is either W. Va. Code § 22-6-24(c) or W. Va. Code § 22-6-24(d). W. Va. Code § 22-6-24(d) is a statute that applies to the plugging procedure in the event that coal owner desires for it to apply. BEL is not interested in the protections provided by W. Va. Code § 22-6-24(d). Thus, W. Va. Code § 22-6-24(c) applies in this case.

W. Va. Code § 22-6-24(c) provides generally that a concrete plug will be installed from 40 feet below the lowest workable seam to 20 feet above the lowest workable seam. Thereafter, a concrete plug will be installed from 40 feet below each workable seam to 20 feet above each workable seam. Finally, a concrete plug will be installed from 50 feet below the surface to 30 inches above the surface with a monument erected at that point. The voids in between each concrete plug shall be filled with mud, clay or other nonporous material.

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JAN 28 2014
Office of Oil and Gas
WV Dept. of Environmental Protection

[1] A Stratographic Map is attached hereto indicating the impact of BCG's Proposed Plugging Procedure.

Based upon the requirements of W. Va. Code § 22-6-24(c), BEL proposes that BCG modify its plugging procedure in accordance with Exhibit A. BEL would also like the opportunity to be present during the plugging procedure if it so chooses. Thus, please reply and indicate the respective dates on which BCG will begin plugging each of the Gas Wells. If you have any questions, please feel free to contact me.

Thank you for your prompt attention on this matter.

Very truly yours,

Joseph G. Bunn, Esq.

JGB/jgb

cc: James O. Bunn, II
P.O. Box 58370
Charleston, WV 25358
(w/o enclosures)

Dave Hancock
P.O. Box 79
Alum Creek, WV 25003
(w/o enclosures)

Duckworth Well Service
P.O. Box 6871
Charleston, WV 25362
(w/o enclosures)

Received
JAN 28 2014
Office of Oil and Gas
WV Dept. of Environmental Protection

EXHIBIT A

API # 47-39-1935	
Proposed Work Order for the Manner of Plugging API # 47-39-1935	Modified Work Order for the Manner of Plugging API # 47-39-1935
Cement 1925' – 1725'	Cement 1925' – 1725'
Cement 1530' – 1430'	Cement 1530' – 1430'
Cement 900' – 800'	Cement 900' – 800'
Cement 475' – 375'	Cement 663' – 591'
Cement 100' – 0'	Cement 553' – 489'
Erect Monument with API number.	Cement 260' – 133'
Gel between all plugs.	Cement 100' – 0'
	Erect Monument with API Number.
	Gel between all plugs.

API # 47-39-1942	
Proposed Work Order for the Manner of Plugging API # 47-39-1942	Modified Work Order for the Manner of Plugging API # 47-39-1942
Cement 1950' – 1850'	Cement 1925' – 1725'
Cement 1700' – 1600'	Cement 1530' – 1430'
Cement 1150' – 1050'	Cement 900' – 800'
Cement 100' – 0'	Cement 663' – 591'
Erect Monument with API number.	Cement 553' – 489'
Gel between all plugs.	Cement 260' – 133'
	Cement 100' – 0'
	Erect Monument with API Number.
	Gel between all plugs.

API # 47-39-1839	
Proposed Work Order for the Manner of Plugging API # 47-39-1839	Modified Work Order for the Manner of Plugging API # 47-39-1839
Cement 1900' – 1800'	Cement 1925' – 1725'
Cement 1405' – 1305' (7" seat)	Cement 1530' – 1430'
Cement 1000' – 900' (4 ½" cut)	Cement 900' – 800'
Cement 460' – 360' (8" seat)	Cement 663' – 591'
Cement 100' – 0'	Cement 553' – 489'
Erect Monument with API number.	Cement 260' – 133'
Gel between all plugs.	Cement 100' – 0'
	Erect Monument with API Number.
	Gel between all plugs.

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