



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

February 13, 2015

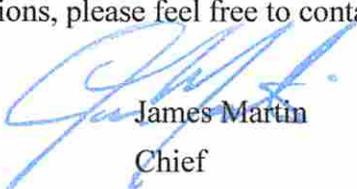
WELL WORK PERMIT
Secondary Recovery Well

This permit, API Well Number: 47-8704760, 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.



James Martin
Chief

Operator's Well No: A.B. SMITH 122
Farm Name: CHADWELL, RONALD & BRENC
API Well Number: 47-8704760
Permit Type: Secondary Recovery Well
Date Issued: 02/13/2015

Promoting a healthy environment.

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 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.

87 04760 S

FORM WW-3 (B)
1/12



1) Date: 01/16/2015
2) Operator's Well No. A. B. Smith 122
3) API Well No.: 47 - Roane -
State County Permit
4) UIC Permit No. UIC2R08704AP

STATE OF WEST VIRGINIA
NOTICE OF LIQUID INJECTION OR WASTE DISPOSAL WELL WORK PERMIT APPLICATION
FOR THE DEPARTMENT OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS

5) WELL TYPE: Liquid Injection / Gas Injection (not storage) / Waste Disposal
6) LOCATION: Elevation: 1148 Watershed: Laurel Fork
District: Sminfield 5 County Roane Quadrangle Looneyville 7.5' 444
7) WELL OPERATOR: HG Energy, LLC
Address 5260 Dupont Road
Parkersburg, WV 26101
8) DESIGNATED AGENT Diane White
Address 5260 Dupont Road
Parkersburg, WV 26101

9) OIL & GAS INSPECTOR TO BE NOTIFIED
Name Ed Gainer
Address P. O. Box 821
Spencer, WV 26201
10) DRILLING CONTRACTOR
Name To Be Determined Upon Approval of Permit
Address

11) PROPOSED WELL WORK
Drill / Drill deeper / Redrill / Stimulate
Plug off old formation / Perforate new formation / Convert
Other physical change in well (specify)

12) GEOLOGIC TARGET FORMATION Big Injun Depth 2170 Feet (top) to 2190 Feet (bottom)
13) Estimated Depth of Completed Well, (or actual depth of existing well): 2270 TVD, 2840 TMD Feet
14) Approximate water strata depths: Fresh 450 Feet Salt 1675 Feet

15) Approximate coal seam depths: NA
16) Is coal being mined in the area? Yes No Source Estimated
17) Virgin reservoir pressure in target formation 1250 psig
18) Estimated reservoir fracture pressure 2650 psig (BHFP)

19) MAXIMUM PROPOSED INJECTION OPERATIONS: Volume per hour 25 BBL Bottom hole pressure 2400 psi
20) DETAILED IDENTIFICATION OF MATERIALS TO BE INJECTED, INCLUDING ADDITIVES Fresh water, produced
water, bactericides and other chemicals as needed to maintain water quality and improve oil recovery.

21) FILTERS (IF ANY) Cartridge filters and/or coal bed filters
22) SPECIFICATIONS FOR CATHODIC PROTECTION AND OTHER CORROSION CONTROL

23) CASING AND TUBING PROGRAM

| CASING OR TUBING TYPE | SPECIFICATIONS | | | | | FOOTAGE INTERVALS | | CEMENT FILL -UP OR SACKS (CU. FT.) | PACKERS |
|-----------------------|----------------|---------|----------------|-----|------|-------------------|--------------|------------------------------------|---------------|
| | Size | Grade | Weight per ft. | New | Used | For Drilling | Left In Well | | |
| Conductor | | | | | | | | | Kinds |
| Fresh Water | 7" | LS ST&C | 17# | | | 575' | 575' | CTS | Sizes |
| Coal | | | | | | | | | 2.375" x 4.5" |
| Intermediate | | | | | | | | | Depths set |
| Production | 4 1/2" | J-55 | 10.5# | | | 2800' | 2800' | 200 sks | 2450' |
| Tubing | 2 3/8" | J-55 | 4.6# | | | 2550' | 2550' | | Perforations |
| Liners | | | | | | | | | Top Bottom |

24) APPLICANT'S OPERATING RIGHTS were acquired from Ona Smith Nellis
by deed / lease / other contract / dated 05/17/1978 of record in the
Roane County Clerk's office in lease Book 147 Page 332

[Signature]
1/20/15

Received
Office of Oil & Gas
JAN 22 2015

87047605

WW-2B1
(5-12)

Well No. A. B. Smith 122

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.

Surface Owners with Water Sources Identified for Sampling/Analysis

- * Ronald & Brenda Chadwell
4580 Clay Road
Spencer WV 25276
- * Joseph Cottrell
89 Edgel Fork Road
Spencer WV 25276

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

CONSTRUCTION AND RECLAMATION PLAN AND SITE REGISTRATION APPLICATION FORM
GENERAL PERMIT FOR OIL AND GAS PIT WASTE DISCHARGE

Operator Name HG Energy, LLC OP Code 494497948

Watershed Laurel Fork Quadrangle Looneyville 7.5'

Elevation 1111' County Roane District Smithfield

Description of anticipated Pit Waste: Fluids encountered while stimulating subject well

Do you anticipate using more than 5,000 bbls of water to complete the proposed well work? Yes _____ No X

Will a synthetic liner be used in the pit? Yes _____ If so, what mil.? 20 mil

Proposed Disposal Method For Treated Pit Wastes:

- Land Application
- Underground Injection (UIC Permit Number 25-561)
- _____ Reuse (at API Number _____)
- _____ Off Site Disposal (Supply form WW-9 for disposal location)
- _____ Other (Explain _____)

Drilling medium anticipated for this well? Air, freshwater, oil based, etc. Air, Fresh Water

-If oil based, what type? Synthetic, petroleum, etc. NA

Additives to be used? Water, Soap, KCl

Will closed loop system be used? No

Drill cuttings disposal method? Leave in pit, landfill, removed offsite, etc. Leave in pit

-If left in pit and plan to solidify what medium will be used? Cement, lime, sawdust Native soil, cement, lime

-Landfill or offsite name/permit number? _____

I certify that I understand and agree to the terms and conditions of the GENERAL WATER POLLUTION PERMIT issued on August 1, 2005, by the Office of Oil and Gas of the West Virginia Department of Environmental Protection. I understand that the provisions of the permit are enforceable by law. Violations of any term or condition of the general permit and/or other applicable law or regulation can lead to enforcement action.

I certify under penalty of law that I have personally examined and am familiar with the information submitted on this application form and all attachments thereto and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine or imprisonment.

Company Official Signature Diane White

Company Official (Typed Name) Diane White

Company Official Title Agent

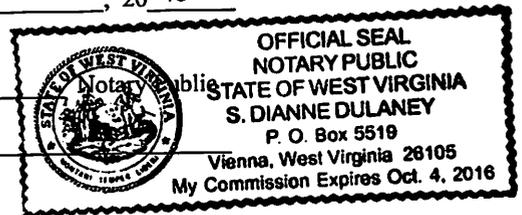
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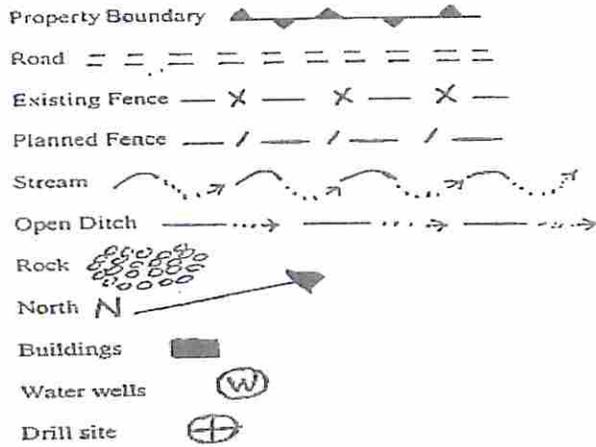
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Subscribed and sworn before me this 16th day of January, 20 15

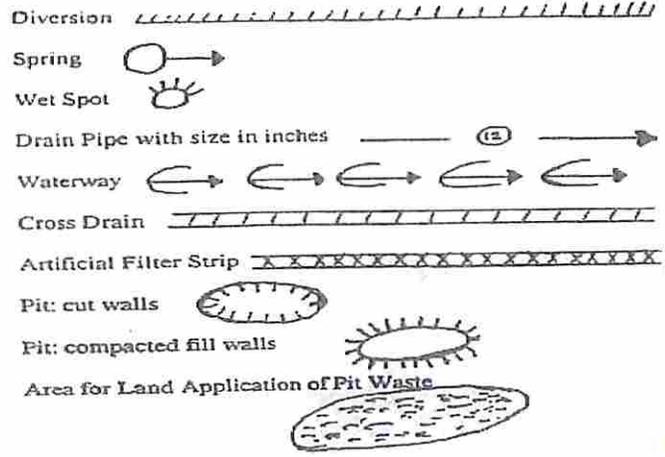
[Signature]

My commission expires Oct. 4, 2014





LEGEND



Proposed Revegetation Treatment: Acres Disturbed 1.9 Prevegetation pH _____

Lime 3 Tons/acre or to correct to pH 6.5

Fertilizer (10-20-20 or equivalent) 500 lbs/acre (500 lbs minimum)

Mulch Straw 2 Tons/acre

Seed Mixtures

| Seed Type | Area I | lbs/acre |
|---------------|--------|----------|
| Tall Fescue | | 40 |
| Ladino Clover | | 5 |

| Seed Type | Area II | lbs/acre |
|---------------|---------|----------|
| Tall Fescue | | 40 |
| Ladino Clover | | 5 |

Proper sediment control should be in place at all times.

Attach: Drawing(s) of road, location, pit and proposed area for land application.

Photocopied section of involved 7.5' topographic sheet.

Plan Approved by:

Comments: _____

Title: Inspector
Field Reviewed? Yes No

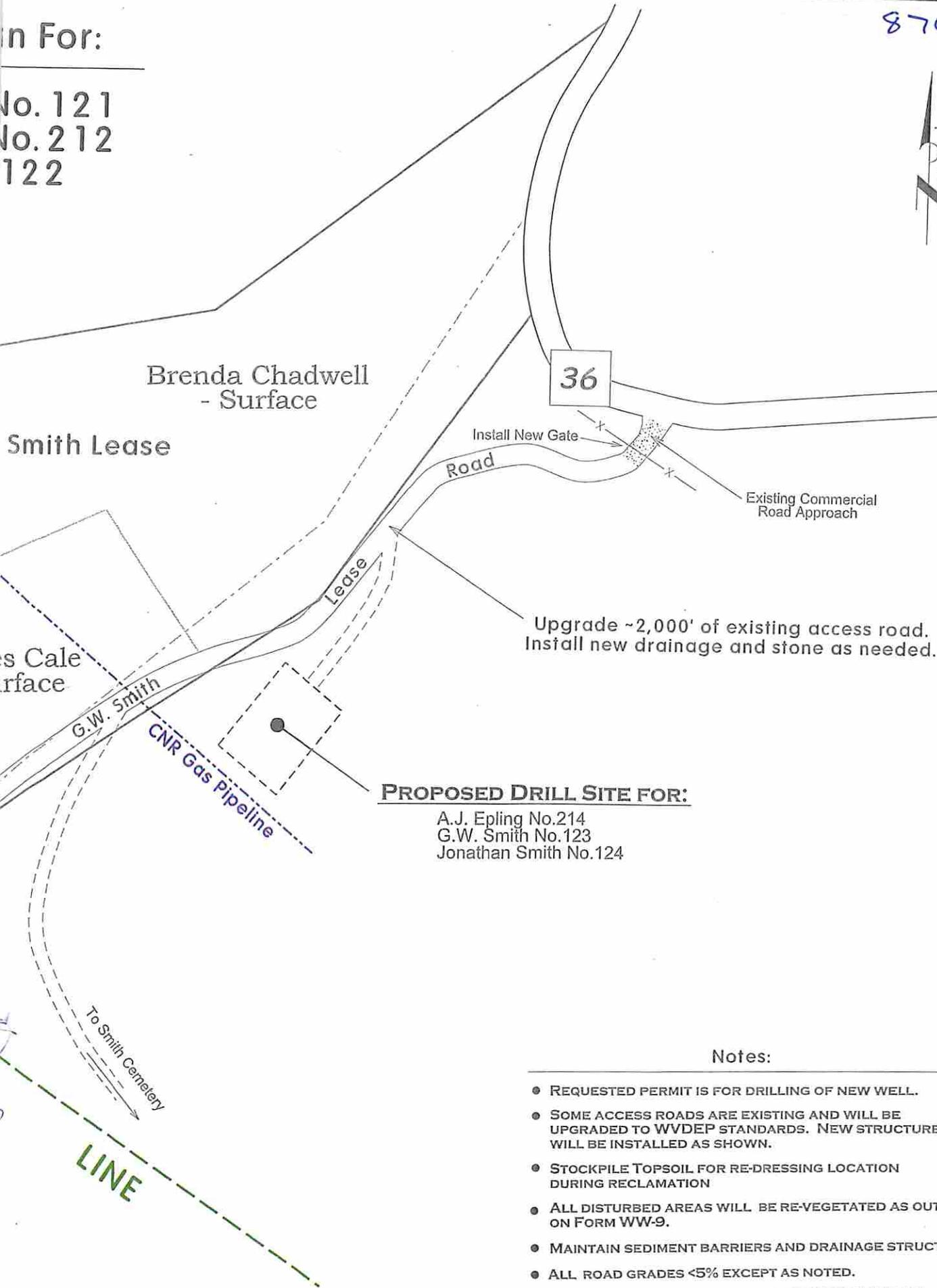
Date: 1/20/15

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JAN 22 2015

n For:

87047605

No. 121
No. 212
122



36

Brenda Chadwell
- Surface

Smith Lease

Install New Gate

Road

Existing Commercial
Road Approach

Upgrade ~2,000' of existing access road.
Install new drainage and stone as needed.

s Cale
urface

G.W. Smith

CNR Gas Pipeline

PROPOSED DRILL SITE FOR:

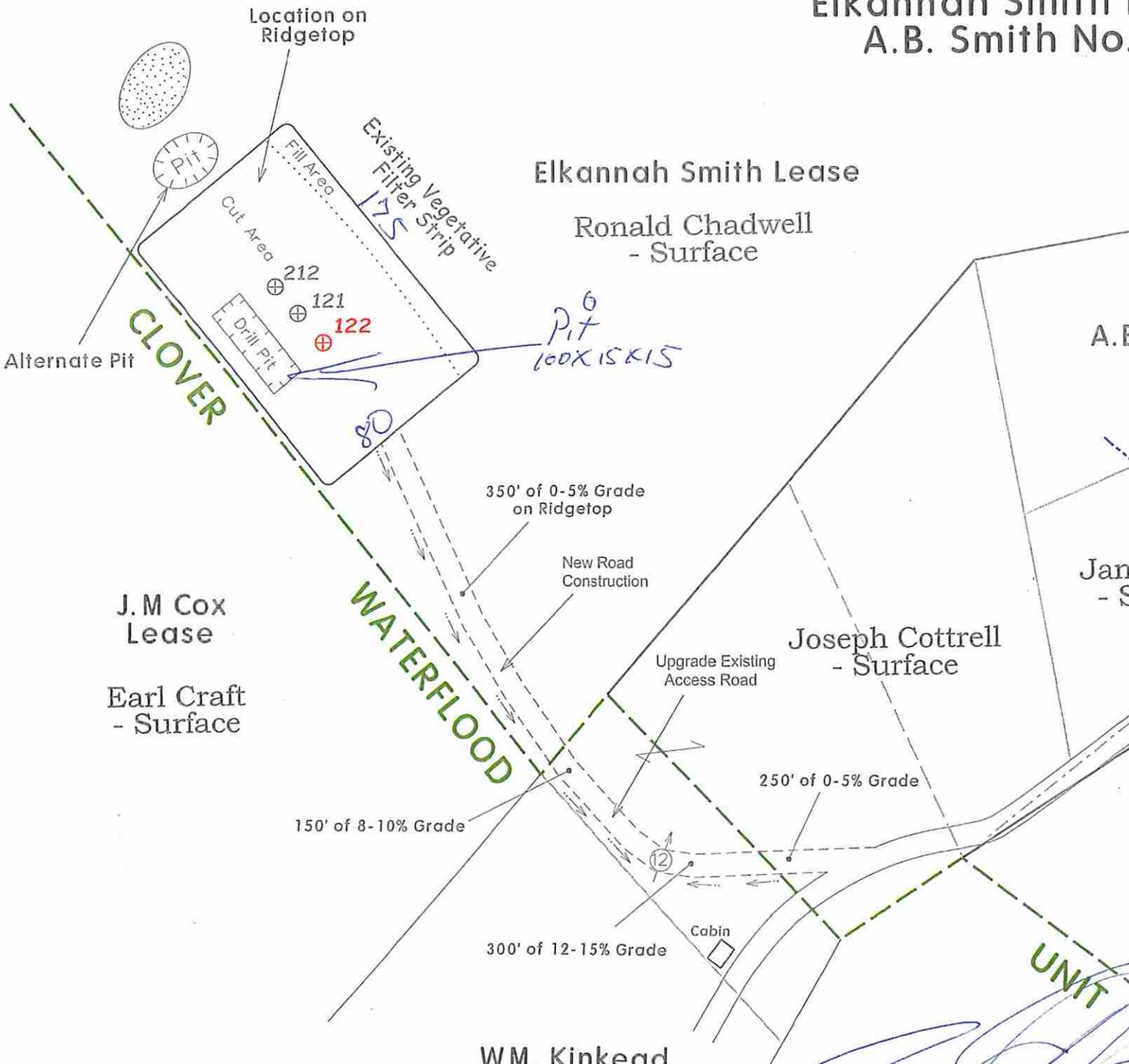
A.J. Epling No.214
G.W. Smith No.123
Jonathan Smith No.124

Notes:

- REQUESTED PERMIT IS FOR DRILLING OF NEW WELL.
- SOME ACCESS ROADS ARE EXISTING AND WILL BE UPGRADED TO WVDEP STANDARDS. NEW STRUCTURES WILL BE INSTALLED AS SHOWN.
- STOCKPILE TOPSOIL FOR RE-DRESSING LOCATION DURING RECLAMATION
- ALL DISTURBED AREAS WILL BE RE-VEGETATED AS OUTLINED ON FORM WW-9.
- MAINTAIN SEDIMENT BARRIERS AND DRAINAGE STRUCTURES.
- ALL ROAD GRADES <5% EXCEPT AS NOTED.
- LOCATION OF DRILL PIT MAY BE CHANGED BASED ON AS-BUILT CONSIDERATIONS.
- DRAWING NOT TO SCALE.

LINE

Elkannah Smith M
Elkannah Smith M
A.B. Smith No.

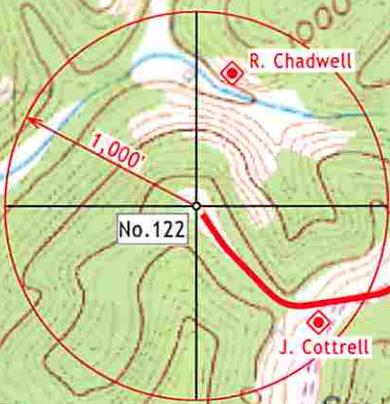


NOTE
 REFER TO THE WVDEP
 EROSION AND SEDIMENT CONTROL
 FIELD MANUAL VER. MAY 2012 FOR
 BMPs CONTROLLING EROSION AND
 SEDIMENT FROM SOIL-DISTURBING
 OPERATIONS.

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[Handwritten Signature]
 1/20/15

SUBJECT WELL
A.B. Smith No.122



◆ Denotes Potential Water Supply Source and Surface Owner (From Aerial Photography)

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Office of Oil & Gas
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Section of
Looneyville 7.5' Quadrangle
SCALE 1"=1000'

