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

November 06, 2013

WELL WORK PERMIT

Vertical Well

This permit, API Well Number: 47-10302965, issued to DIVERSIFIED RESOURCES, INC., 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: D-186
Farm Name: WV DEPT. OF NATURAL RESOUI
API Well Number: 47-10302965
Permit Type: Vertical Well
Date Issued: 11/06/2013

Promoting a healthy environment.

10302965

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.

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. If well work related activities require the use of water obtained by withdrawals from waters of this state in amounts that exceed two hundred ten thousand gallons during any thirty day period, the operator is required to consult, and adhere to, the guidance provided by DEP's Water Withdrawal Guidance Tool prior to any water withdrawals.

10302965

WW - 2B
(Rev. 8/10)

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

1) Well Operator: Diversified Resources, Inc.

305996	Wetzel	Grant	Folsom
Operator ID	County	District	Quadrangle
	103	04	349

2) Operator's Well Number: D-186 3) Elevation: 1307.31

4) Well Type: (a) Oil x or Gas x

(b) If Gas: Production x / Underground Storage _____

Deep _____ / Shallow x

5) Proposed Target Formation(s): Bayard Proposed Target Depth: 3500'
6) Proposed Total Depth: 3500' Feet Formation at Proposed Total Depth: Bayard
7) Approximate fresh water strata depths: 90'
8) Approximate salt water depths: 1385'

9) Approximate coal seam depths: 180'

10) Approximate void depths,(coal, Karst, other): n/a

11) Does land contain coal seams tributary to active mine? n/a

12) Describe proposed well work and fracturing methods in detail (attach additional sheets if needed)
Drill and Stimulate new production

13) **CASING AND TUBING PROGRAM**

TYPE	SPECIFICATIONS Size	Grade	Weight per ft	FOOTAGE INTERVALS For Drilling	Left in Well	CEMENT Fill -up (Cu. Ft.)
Conductor						
Fresh Water	95/8	ERW		~~168'~~ 300'	~~168'~~ 300'	CTS ~~90 sks~~
Coal						
Intermediate	7	ERW		1400'	1400'	CTS 220 sks
Production	41/2	ERW		3500'	3500'	200 sks
Tubing						
Liners						

DMH 10-3-13

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Packers: Kind:
Sizes:
Depths Set

CK # 1133
650.00

10302965

WW-2A
(Rev. 6-07)

1). Date: August 22, 2013

2.) Operator's Well Number D-186

3.) API Well No.: State 47- County 103 - Permit 02965

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

4) Surface Owner(s) to be served:
(a) Name State of WV Capital Complex W
Address Bldg #3 Room 643
Charleston, WV 25305

(b) Name
Address

(c) Name
Address

6) Inspector Derek Haught
Address PO Box 85
Smithville, WV 26178
Telephone 304-477-4148

5) (a) Coal Operator
Name
Address

(b) Coal Owner(s) with Declaration
Name
Address

Name
Address

(c) Coal Lessee with Declaration
Name
Address

TO THE PERSONS NAMED ABOVE TAKE NOTICE THAT:

___ Included is the lease or leases or other continuing contract or contracts by which I hold the right to extract oil and gas

OR

x Included is the information required by Chapter 22, Article 6, Section 8(d) of the Code of West Virginia (see page 2)

I certify that as required under Chapter 22-6 of the West Virginia Code I have served copies of this notice and application, a location plat, and accompanying documents pages 1 through ___ on the above named parties by:

x Personal Service (Affidavit attached)
___ Certified Mail (Postmarked postal receipt attached)
___ Publication (Notice of Publication attached)

I have read and understand Chapter 22-6 and 35 CSR 4, and I agree to the terms and conditions of any permit issued under this application.

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, 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 and imprisonment.

Well Operator Diversified Resources, Inc.
By:
Its: President
Address POBox 381087
Birmingham, AL 35238
Telephone 205-408-0909

Subscribed and sworn before me this 23rd day of August, 2013

Lindsey A. Pouriau Notary Public

My Commission Expires 3/31/15

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Office of Oil and Gas
OCT 2 2013
WV Department of
Environmental Protection

Oil and Gas Privacy Notice

The Office of Oil and Gas processes your personal information, such as name, address 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 Privacy Officer at depprivacyofficer@wv.gov

10302965

WW-2A Surface Waiver

SURFACE OWNER WAIVER

County Wetzel

Operator Diversified Resources, Inc.

Operator well number D-186

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 adequate delivery 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.

Comments must be in writing. 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.

List of Water Testing Laboratories. 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 Form WW2-B, a survey plat, and a soil 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

_____ Date _____
Signature

_____
Print Name

FOR EXECUTION BY A CORPORATION, ETC.

Company Name WV DNR Wildlife Res Sect.
By Steven E Rauch 9/26/13
Date
Its District Wildlife Biologist
Steven E Rauch 9/26/13
Signature Date

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10302965

WW-2A1
(Rev. 1/11)

Operator's Well Number D-186

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
Bay Oil Co. LLC and Lynrow Assoc., LLC	Trans Energy, Inc.	12.5	86A/597
Trans Energy, Inc.	Diversified Resources, Inc.	12.5	138A/770

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

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.

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Well Operator: Diversified Resources, Inc.
By: Its: President

10302965

WW-2B1
(5-12)

Well No. D-186

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

Well Operator Diversified Resources, Inc.
Address POBox 381087
Birmingham, AL 35238
Telephone 205-408-0909

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.

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LAND SURVEYING SERVICES

Stephen D. Losh, PS
J. Michael Evans, PS
21 Cedar Lane
Bridgeport, WV 26330
Phone & Fax (304) 842-2018 or 842-5762
sdlosh@frontier.com

August 01, 2013

Diversified Resources, Inc.
P. O. Box 381087
Birmingham, AL 35238-1087

WATER WELL REPORT

Project: D-186
District: Grant
County: Wetzel
State: WV

The following people may have water supplies within 2,000 feet of the above location:

None

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10-3-13

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WW-9
(5/13)

Page _____ of _____

API Number 47 - 103 - _____
Operator's Well No. D-186

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

FLUIDS/ CUTTINGS DISPOSAL & RECLAMATION PLAN

Operator Name DIVERSIFIED RESOURCES, INC. OP Code _____

Watershed (HUC 10) ARCHES FORK Quadrangle FOLSOM

Elevation 1307.31' County WETZEL District GRANT

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

Will a pit be used for drill cuttings? Yes X No _____

If so, please describe anticipated pit waste: _____

Will a synthetic liner be used in the pit? Yes X No _____ If so, what ml.? ~~10~~ 20

Proposed Disposal Method For Treated Pit Wastes:

DMH
10-3-13

- ■ Land Application
- _____ Underground Injection (UIC Permit Number_____)
- _____ Reuse (at API Number_____)
- _____ Off Site Disposal (Supply form WW-9 for disposal location)
- _____ Other (Explain_____

Will closed loop system be used? _____

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

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

Additives to be used in drilling medium?_____

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) 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 _____

Company Official (Typed Name) Robert R. Hutson Jr.

Company Official Title President

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Subscribed and sworn before me this 23rd day of August, 2013

Lindsey S. Pourneau Notary Public

My commission expires 3/31/15

10302965

Form WW-9

Operator's Well No. D-186

DIVERSIFIED RESOURCES, INC.

Proposed Revegetation Treatment: Acres Disturbed 0.75 Prevegetation pH 6.5

Lime To pH test Tons/acre or to correct to pH 7.0

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

Mulch HAY OR STRAW 2 Tons/acre

Seed Mixtures

Area I		Area II	
Seed Type	lbs/acre	Seed Type	lbs/acre
ORCHARDGRASS	25	ORCHARDGRASS	25
BIRDSFOOT TREFOIL	15	BIRDSFOOT TREFOIL	15
LADINO CLOVER	10	LADINO CLOVER	10

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

Photocopied section of involved 7.5' topographic sheet.

Plan Approved by: [signature]

Comments: Pre-seed and mulch all disturbed areas.

Title: Oil + Gas Inspector Date: 10-3-17

Field Reviewed? (✓) Yes ( ) No

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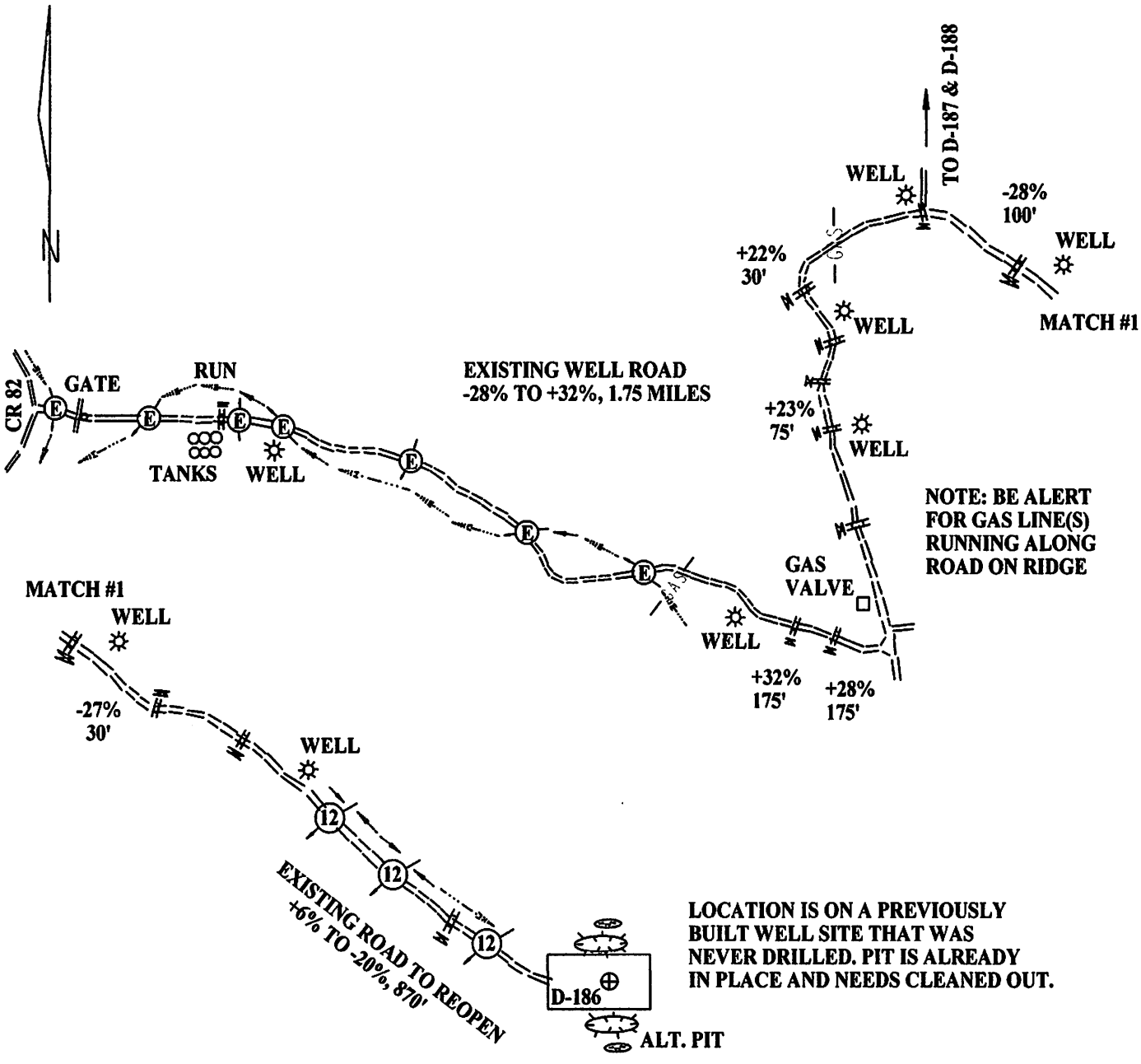

ROAD DITCHES WILL BE MAINTAINED AND ROCK WILL BE USED WHERE NECESSARY.

ALL GRADES OVER 20% ARE SHOWN.

DRAWINGS TO ACCOMPANY FORM WW-9

DIVERSIFIED RESOURCES, INC.

P. O. BOX 381087

BIRMINGHAM, AL 35238-1087

WATERSHED: ARCHES FORK

DISTRICT: GRANT COUNTY: WETZEL

QUADRANGLE: FOLSOM WELL NO.: D-186

DATE: 08/01/13 PAGE ____ of ____

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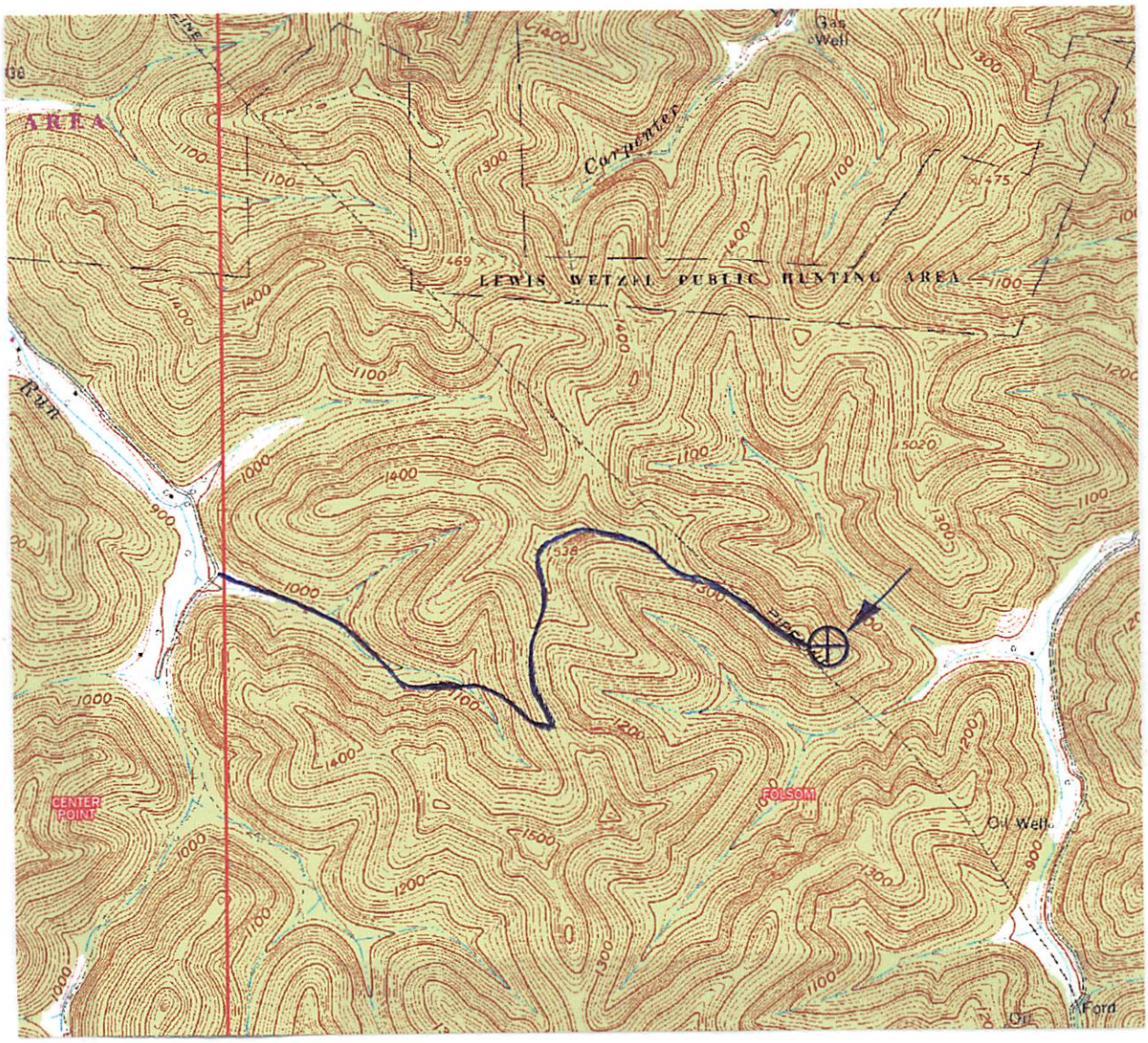
10-3-13
OCT 1 1 2013
WV Department of
Environmental Protection

LAND SURVEYING SERVICES
21 CEDAR LANE
BRIDGEPORT, WV 26330
PHONE: 304-842-2018 OR 5762

10302965



DRAWINGS TO ACCOMPANY FORM WW-9

DIVERSIFIED RESOURCES, INC.

P. O. BOX 381087

BIRMINGHAM, AL 35238-1087

WATERSHED: ARCHES FORK

DISTRICT: GRANT COUNTY: WETZEL

QUADRANGLE: FOLSOM WELL NO.: D-186

DATE: 08/01/13 PAGE ____ of ____

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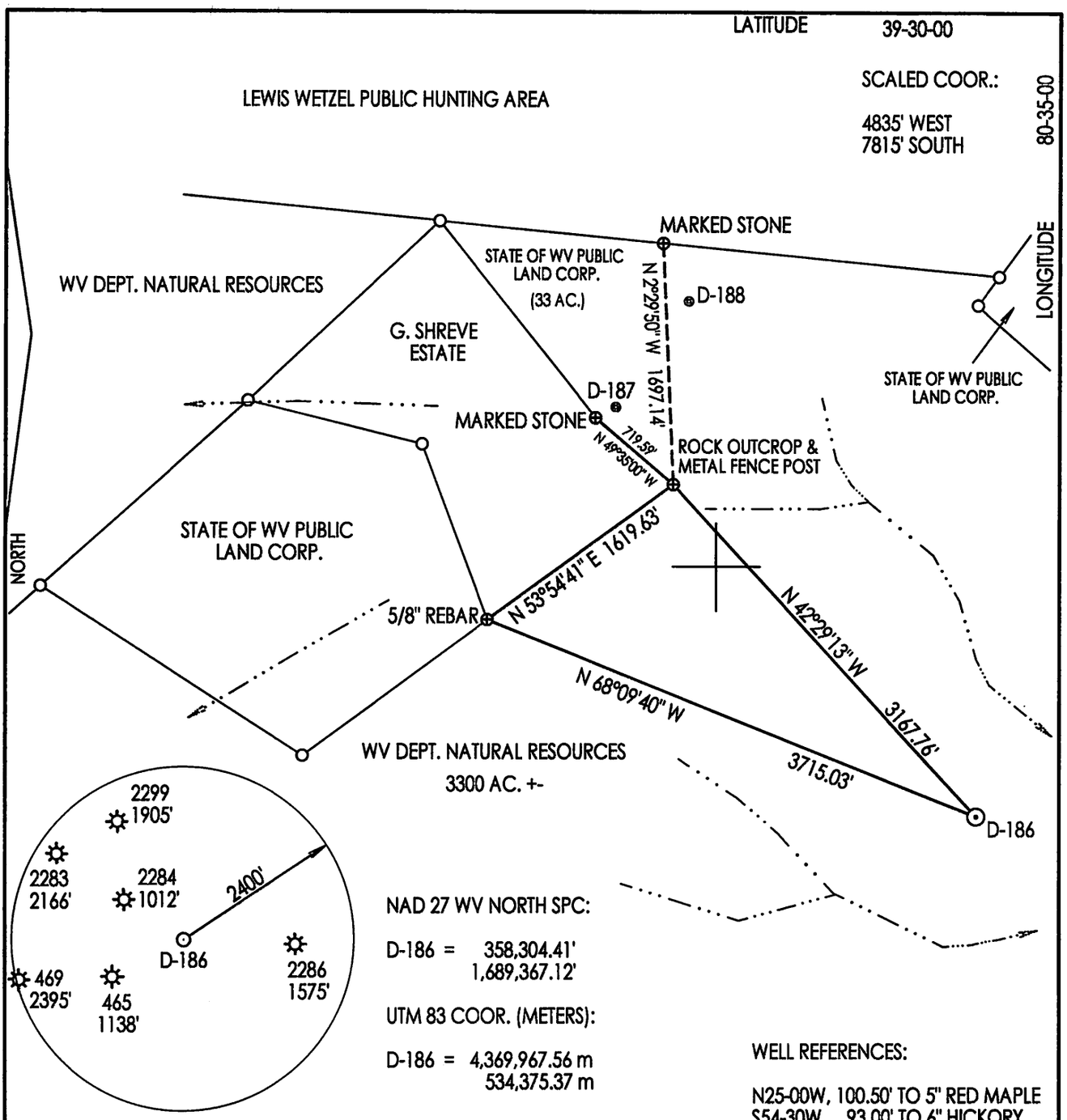
LAND SURVEYING SERVICES
21 CEDAR LANE
BRIDGEPORT, WV 26330
PHONE: 304-842-2018 OR 5762



(+) DENOTES LOCATION OF WELL ON UNITED STATES TOPOGRAPHIC MAPS

FILE NUMBER:
DRAWING NUMBER: DRID186.PCS
SCALE: 1" = 1000'
MINIMUM DEGREE OF ACCURACY: DGPS SUBMETER
PROVEN SOURCE OF ELEVATION: DGPS SURVEY
SUBMETER SYSTEM

I THE UNDERSIGNED, HEREBY STATE THAT THIS PLAT IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF AND SHOWS ALL THE INFORMATION REQUIRED BY LAW AND THE REGULATIONS ISSUED AND PRESCRIBED BY THE DEPARTMENT OF ENERGY.

(SIGNED)

STEPHEN D. LOSH, P.S. #674

PROFESSIONAL LAND SURVEYOR
STEPHEN D. LOSH
NO. 674
STATE OF WEST VIRGINIA

PLACE SEAL HERE

STATE OF WEST VIRGINIA
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF OIL AND GAS
#10 McJUNKIN ROAD
NITRO, WV 25143-2506

FORM WW-6

LAND SURVEYING SERVICES
21 CEDAR LANE, BRIDGEPORT, WV 26330
PHONE: 304-842-2018 OR 842-5762

DATE: AUGUST 01, 2013
OPERATORS WELL NO.: D-186
API WELL NO.
47 — 103 — 02965
STATE COUNTY PERMIT

WELL TYPE: OIL X GAS X LIQUID INJECTION ___ WASTE DISPOSAL ___ CBM ___
(IF "GAS") PRODUCTION X STORAGE ___ DEEP ___ SHALLOW X

LOCATION: ELEVATION 1307.31' WATERSHED ARCHES FORK
DISTRICT GRANT COUNTY WETZEL
QUADRANGLE FOLSOM LEASE NUMBER
SURFACE OWNER WV DEPARTMENT OF NATURAL RESOURCES ACREAGE 3100.00
OIL & GAS ROYALTY OWNER EUGENE W. EDDY, ET. AL. LEASE ACREAGE 3108.00

PROPOSED WORK: DRILL X CONVERT ___ DRILL DEEPER ___ REDRILL ___ FRACTURE OR STIMULATE X PLUG OFF OLD FORMATION ___
PERFORATE NEW FORMATION ___ OTHER PHYSICAL CHANGE (SPECIFY) ___
___ PLUG & ABANDON ___ CLEAN OUT & REPLUG ___

TARGET FORMATION BAYARD ESTIMATED DEPTH 3525'
WELL OPERATOR DIVERSIFIED RESOURCES, INC. DESIGNATED AGENT RUSTY HUTSON
ADDRESS P. O. BOX 381087 BIRMINGHAM, AL 35238-1087 ADDRESS P. O. BOX 381087 BIRMINGHAM, AL 35238-1087

COUNTY NAME
PERMIT