

OWNER NAME, ADDRESS
D & L ENERGY INC (Owner #: 2651)
2761 SALT SPRINGS RD
YOUNGSTOWN OH 44509

DATE ISSUED
6/28/2011

PERMIT EXPIRES
6/27/2012

TELEPHONE NUMBER (330) 792-9524

IS HEREBY GRANTED PERMISSION TO: Salt Water Injection Well New Well AND ABANDON WELL IF UNPRODUCTIVE
PURPOSE OF WELL: Water Injection - Disposal
COMPLETION DATE IF PERMIT TO PLUG:

DESIGNATION AND LOCATION:
LEASE NAME NORTHSTAR KHALIL (SWIW #11)
WELL NUMBER 3
COUNTY MAHONING
CIVIL TOWNSHIP COITSVILLE
TRACT OR ALLOTMENT
SURFACE FOOTAGE LOCATION 10,769' SL & 1012' WL OF COITSVILLE TWP.
TARGET FOOTAGE LOCATION



SURFACE NAD27 TARGET NAD27
X: 2520217
Y: 524113
LAT: 41.0898330797883
LONG: 80.6126089473609

TYPE OF TOOLS: Air Rotary/Fluid Rotary
PROPOSED TOTAL DEPTH 9300 FEET
GROUND LEVEL ELEVATION 1036 FEET

GEOLOGICAL FORMATION(S):
KNOX-PRECAMBRIAN

SPECIAL PERMIT CONDITIONS Salt Water Injection Well (Class II) Construction and Operating Conditions

CONDITIONALLY APPROVED CASING PROGRAM (SUBJECT TO APPROVAL OF THE OIL AND GAS WELL INSPECTOR):

- 9-3/4 " APPROX. 1010 ' WITH CEMENT CIRCULATED TO SURFACE
- 7" CASING 8215' CEMENTED TO A MINIMUM OF 300' ABOVE INJECTION ZONE
- 4-1/2" TUBING SET ON A PACKER APPROX. 15' ABOVE INJECTION ZONE

This permit is NOT TRANSFERABLE. This permit, or an exact copy thereof, must be displayed in a conspicuous and easily accessible place at the well site before permitted activity commences and remain until the well is completed. Ample notification to inspector is necessary.

OIL AND GAS WELL INSPECTOR:
ROBERTS CARL (330) 451-9921
RICK SIMMERS - Supervisor (330) 284-8535
DISTRICT #: (330) 896-0616

FIRE AND EMERGENCY NUMBERS:
FIRE: () - 911
MEDICAL SERVICE: () - 911

INSPECTOR NOTIFICATION
The oil and gas inspector must be notified at least 24 hours prior to:
1. Commencement of site construction
2. Pit excavation and closure
3. Commencement of drilling, reopening, converting or plugback operations
4. Installation and cementing of all casing strings
5. BOP testing
6. Well stimulation
The oil and gas inspector must be notified immediately upon:
1. Discovery of defective well construction
2. Detection of any natural gas or H2S gas during drilling in urban areas
3. Discovery of defective well construction during well stimulation
4. Determination that a well is a lost hole
5. Determination that a well is a dry hole

John F. Husted
CHIEF, DIVISION OF MINERAL RESOURCES
MANAGEMENT



Ohio Department of Natural Resources

JOHN R. KASICH, GOVERNOR

DAVID MUSTINE, DIRECTOR

Division of Mineral Resource Management

John F. Husted, Chief

2045 Morse Road—Bldg H-2

Columbus, OH 43229-6693

Phone: (614) 265-6893, Fax: (614) 265-7999

June 28, 2011

D & L Energy, Inc.
2761 Salt Springs Road
Youngstown, Ohio 44509

**RE: Permit #3157, SWTW #11, Northstar Khalil No. 3, Coitsville
Township, Mahoning County, Ohio**

Dear Sir/Madam:

The enclosed saltwater injection well permit is issued subject to the following construction and operational conditions.

Constructional conditions:

1. The 7" casing must be enclosed in cement from the total depth to approximately **7915 feet** (minimum of 300 feet above the top of the injection zone).
2. Injection tubing must be set on a packer at approximately **8200 feet**. A 1/4", female, threaded fitting with a stop valve must be installed on the tubing and accessible at the surface.
3. **The annular space between the injection tubing and the 7" production casing must be filled with a fluid (e.g., freshwater with a corrosion inhibitor additive), pressure tested to at least 1890 psi, and monitored for at least 15 minutes with no more than a five percent decline in pressure. Additionally, the injection line must also be tested to 1890 psi for 15 minutes with no more than a five percent decline.**
4. The UIC Section and the Mineral Resources Inspector must be notified at a minimum of 48 hours in advance of the time of cementing, placing and removing of casing, installation of the tubing and packer, testing of the casing, construction of the surface facilities, pressure testing of the injection line, and initial injection so that a representative of the Division can be present to witness the operations. The Division must also be notified in advance of any subsequent removal of the injection tubing or resetting the packer. A pressure test will also be required.
5. Surface facilities as proposed in the application are satisfactory and must be constructed under the supervision of a representative of the Division. A concrete pad with drain must be constructed so as to contain any spillage of saltwater

during unloading from the trucks. Any proposed changes in the surface facilities must be submitted in writing and must have prior approval of the UIC Section.

6. **The underground concrete vault associated with the catch basin on the unloading pad shall be of one-piece construction and if the concrete vault has a detached lid, the lid must be exposed above the ground level. Additionally, the inside walls of the concrete vault shall be sealed with a salt-corrosion type material such as an asphalt-based coating to prevent deterioration of the vault from the brine water.**
7. A Well Construction Record (Form 8) must be submitted within 30 days after completion describing how the well was completed for injection operations. This report should include the amount and grade of tubing, type and depth of packer, treatment of the injection formation, testing of the system integrity, method used to monitor pressure in the annulus and injection tubing, and method used to monitor volumes of injected fluid.

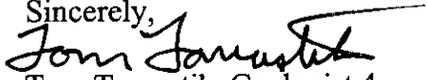
Operational Conditions:

1. Surface injection pressure must not exceed **1890** psi.
2. No liquids or waste matter from any source other than saltwater from oil and gas operations or standard well treatment fluid may be injected into this well. All fluids must be stored in approved tanks and allowed to settle before injection.
3. The annulus between the injection tubing and the 7" production casing must be monitored either continuously during injection of fluids or at least monthly at a minimum pressure of 200 psi. If such monitoring indicates a leak in the casing, tubing, or packer, the UIC Section must be immediately notified at (614) 265-1032.
4. Injection pressures and volumes must be monitored on a daily operational basis with average and maximum injection pressures and volumes compiled and recorded on a monthly basis and filed annually with the Division.
5. **As of July 1, 2010, an injection disposal fee is required to be submitted to the Division each quarter. The form and guidelines are attached for your convenience.**
6. Results of the monitoring required in paragraphs three and four above must be filed with the Division annually on Form 204. This report is due no later than 45 days after the last day of each calendar year.
7. Upon discontinuance of injection operations, the owner/operator must apply for a permit to plug and abandon the well. The well must be plugged and abandoned within 60 days after discontinuance of operations.
8. Any proposed changes in the procedures or plans outlined here or in the saltwater injection well application must be submitted in writing to the UIC Section. If such changes are approved, they will be authorized in writing.

If there are any questions concerning this well or the above conditions, please feel free to contact me at (614) 265-1032.

For the Chief of the Division of Mineral Resources Management

Sincerely,

A handwritten signature in black ink that reads "Tom Tomastik". The signature is written in a cursive style with a long horizontal stroke extending from the top of the "k".

Tom Tomastik, Geologist 4

Division of Mineral Resources Management

2045 Morse Road, H-3

Columbus, Ohio 43229-6693

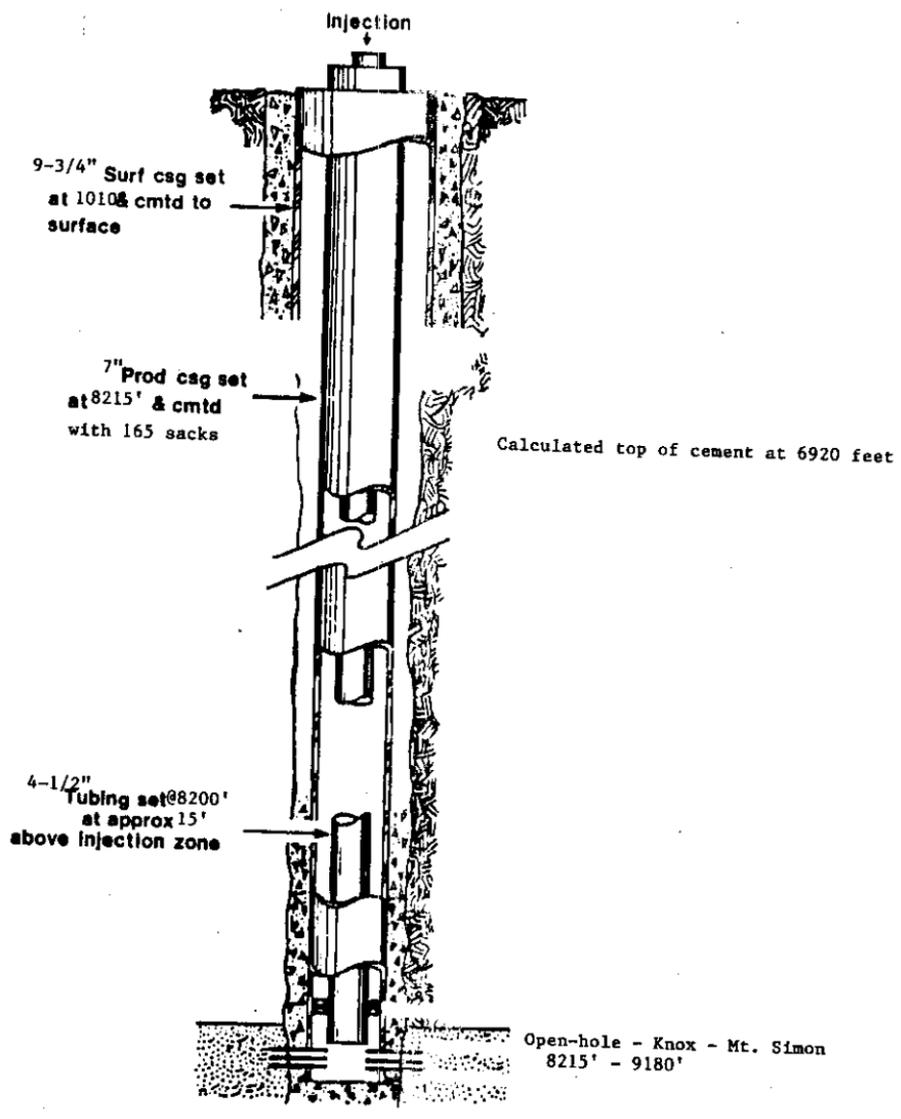
Cc: Carl Roberts, Mineral Resources Inspector

Permitting File

UIC File

Subsurface Construction For Injection Well

Maximum Injection Pressure: 1890 psi



Total Depth: 9300 feet



STATE OF OHIO
DEPARTMENT OF NATURAL RESOURCES

Under the authority of, and in accordance with Section 1509.10 of the Ohio Revised Code, the Division of Geological Survey hereby requests a set of drill cuttings and/or core (s) from the following well:

Operator D & L Energy, Inc. Phone No. (330) 792-9254

Lease Name/Well # Northstar Khali # 3 Permit No. 2-3157
(SWIW #11)

Located in 10,769'SL & 1012'WL of Coitsville Twp.

Of Coitsville Township Mahoning County.

Drill cuttings are to be collected every 10 feet, or as specified otherwise, from the following intervals:

Every 10 feet from Trenton Limestone to Precambrian

These cuttings are to be made available to the Survey and can be delivered in person or shipped to the Ohio Division of Geological Survey, 2045 Morse Road, Building C-1, Columbus, Ohio 43229-6693 or the Ohio Division of Geological Survey, 3307 South Old State Road, Delaware, Ohio 43015-9454. If you cannot deliver the cuttings, please notify Greg Schumacher at (740) 548-7348, Extension 125, Monday through Friday 8:00 AM-5:00 PM, as soon as possible after the drilling has been completed, so that arrangements can then be made to pick up the cuttings at the well site.

Delivery of the cuttings or notification of availability is the responsibility of the operator of the well.

Larry Wickstrom, Chief
ODNR-The Division of Geological Survey

06/28/2011

Date