API Well Number: 43013515840000

**STATE OF UTAH**
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3
AMENDED REPORT ☑

## APPLICATION FOR PERMIT TO DRILL

**1. WELL NAME and NUMBER**
Appaloosa 7-2-5-5

**2. TYPE OF WORK**
DRILL NEW WELL ◉ REENTER P&A WELL ○ DEEPEN WELL ○

**3. FIELD OR WILDCAT**
WILDCAT

**4. TYPE OF WELL**
Oil Well Coalbed Methane Well: NO

**5. UNIT or COMMUNITIZATION AGREEMENT NAME**

**6. NAME OF OPERATOR**
APPALOOSA OPERATING COMPANY LLC

**7. OPERATOR PHONE**
832 419-0889

**8. ADDRESS OF OPERATOR**
1776 Woodstead Ct., Suite 121, The Woodlands, TX, 77380

**9. OPERATOR E-MAIL**
BPosey@AppaloosaEnergy.com

**10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE)**
Fee

**11. MINERAL OWNERSHIP**
FEDERAL ○ INDIAN ○ STATE ○ FEE ◉

**12. SURFACE OWNERSHIP**
FEDERAL ○ INDIAN ○ STATE ◉ FEE ○

**13. NAME OF SURFACE OWNER (if box 12 = 'fee')**
Utah Division of Wildlife Resources

**14. SURFACE OWNER PHONE (if box 12 = 'fee')**

**15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')**
1594 West North Temple, Suite 2110, Salt Lake City, UT 84114

**16. SURFACE OWNER E-MAIL (if box 12 = 'fee')**

**17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')**

**18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS**
YES ○ (Submit Commingling Application) NO ◉

**19. SLANT**
VERTICAL ◉ DIRECTIONAL ○ HORIZONTAL ○

| 20. LOCATION OF WELL | FOOTAGES | QTR-QTR | SECTION | TOWNSHIP | RANGE | MERIDIAN |
|---|---|---|---|---|---|---|
| LOCATION AT SURFACE | 1963 FNL 1940 FEL | SWNE | 2 | 5.0 S | 5.0 W | U |
| Top of Uppermost Producing Zone | 1963 FNL 1940 FEL | SWNE | 2 | 5.0 S | 5.0 W | U |
| At Total Depth | 1963 FNL 1940 FEL | SWNE | 2 | 5.0 S | 5.0 W | U |

**21. COUNTY**
DUCHESNE

**22. DISTANCE TO NEAREST LEASE LINE (Feet)**
[illegible]000

**23. NUMBER OF ACRES IN DRILLING UNIT**
40

**25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed)**
7646

**26. PROPOSED DEPTH**
MD: 6725 TVD: 6725

**27. ELEVATION - GROUND LEVEL**
6628

**28. BOND NUMBER**
0279605715

**29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE**
492204

### Hole, Casing, and Cement Information

| String | Hole Size | Casing Size | Length | Weight | Grade & Thread | Max Mud Wt. | Cement | Sacks | Yield | Weight |
|---|---|---|---|---|---|---|---|---|---|---|
| SURF | 12.25 | 8.625 | 0 - 680 | 24.0 | J-55 LT&C | 8.6 | Class G | 325 | 1.15 | 15.8 |
| PROD | 7.875 | 5.5 | 0 - 6725 | 15.5 | J-55 LT&C | 8.9 | Hi Lift "G" | 180 | 3.82 | 11.0 |
| | | | | | | | 50/50 Poz | 507 | 1.26 | 14.0 |

### ATTACHMENTS

**VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES**

- ☑ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
- ☑ COMPLETE DRILLING PLAN
- ☐ AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)
- ☑ FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER
- ☐ DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)
- ☑ TOPOGRAPHICAL MAP

**NAME** Shirl Ames **TITLE** Document Control Specialist **PHONE** 307 675-6400

**SIGNATURE** **DATE** 07/18/2012 **EMAIL** Shirl.Ames@woodgroup.com

**API NUMBER ASSIGNED**
43013515840000

**APPROVAL**
Permit Manager



RECEIVED: October 09, 2012

APPALOOSA OPERATING COMPANY, LLC

Appaloosa 7-2 5-5

Surface Location: SW ¼, NE ¼ , 1,963 FNL 1,940' FWL, Section 2, T5S, R5W, U.S.B. &M.

Duchesne County, UT

ONSHORE ORDER NO.1

DRILLING PROGRAM

**1,2 Estimated Tops of Geological Markers and Formations Expected to Contain Water, Oil and Gas, and Other Minerals.**

| FORMATION | Measured Depth |
|---|---|
| Uinta Fm | On Surface |
| Green River Fm | 2145' |
| Mahogany | 2830' |
| * Garden Gulch Mbr | 3885' |
| *Douglas Creek Mbr | 4630' |
| *Castle Peak Mbr | 5580' |
| *Uteland Butte Mbr. | 6030' |
| Wasatch | 6425' |
| TD | 6725' |

*PROSPECTIVE PAY



**3 Pressure Control Equipment (Schematic attached)**

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc. A 2M system will be utilized. The attached diagram depicts the use of an annular in conjunction with double rams. However, an annular, double rams, or both may be used depending on the drilling rig contracted. Chart recorders will be used for all pressure tests.

Test Charts with individual test results identified, shall be maintained on location while drilling and shall be made available to a representative upon request.

All required BOP tests and/or drills shall be recorded in the IADC report.

The anticipated bottom hole pressure will be less than 2,000 psi.

RECEIVED: July 18, 2012

## 4 Proposed Casing and Cementing Program

The proposed Casing Program will be as follows:

| Purpose | Depth | Hole Size | Casing Size | Type | Connection | Weight |
|---|---|---|---|---|---|---|
| Surface | 680’ | 12.25” | 8.625” | J-55 | ST&C | 24# |
| Production | 6725’ | 7.875” | 5.5” | J-55 | LT&C | 15.5# |

| Surface | Fill | Type and Amount |
|---|---|---|
| 0’-680’ | 680’ | Approximately 325 sks Class “G” (Type III) cement + additives or a similar slurry with a minimum weight of 15.8 ppg and approximate yield of 1.15 cf/sk, minimum 24 hr compressive strength = 500 psi (Cement will be circulated to surface and topped off, If necessary.) |

| Production | Type and Amount |
|---|---|
| 0’ - 3500’ | Approximately 180 sks HiFill Lead Cement + additives or similar slurry with a minimum weight of 11.0 ppg and approximate yield of 3.82 cf/sk |
| 3500’ – 6725’ | Approximately 507 sks 50/50 Poz tail Cement + additives or a similar slurry with a minimum weight of 14.2 ppg and approximate yield of 1.26 cf/sk |



For production casing, actual cement volumes will be determined from the caliper log plus a minimum of 15% excess.

## 5 Drilling Fluids Program

| Interval | Weight | Viscosity | Fluid Loss | Remarks |
|---|---|---|---|---|
| 0’-680’ | 8.3-8.6 | 27-40 | NC | Spud Mud |
| 680’ – TD | 8.6-8.9 | 27-40 | NC | KCL Water |

Appaloosa Operating Company, LLC will use either a Manual or Electronic drilling fluid monitoring system on all well sites.

## 6 Evaluation Program

RECEIVED: July 18, 2012

| | |
|---|---|
| Logging Program: | HRI-GR-SP with SDL-DSN-PE: surface casing to TD. Preserve samples from all show intervals. |
| Sampling: | 10' dry cut samples: Garden Gulch to TD. Preserve samples from all show intervals. |
| Surveys: | As deemed necessary |
| Mud Logger: | As deemed necessary |
| Drill Stem Tests: | As deemed necessary |
| Cores: | As deemed necessary |



## 7 Abnormal Conditions

No abnormal temperatures or pressures or other hazards are anticipated.

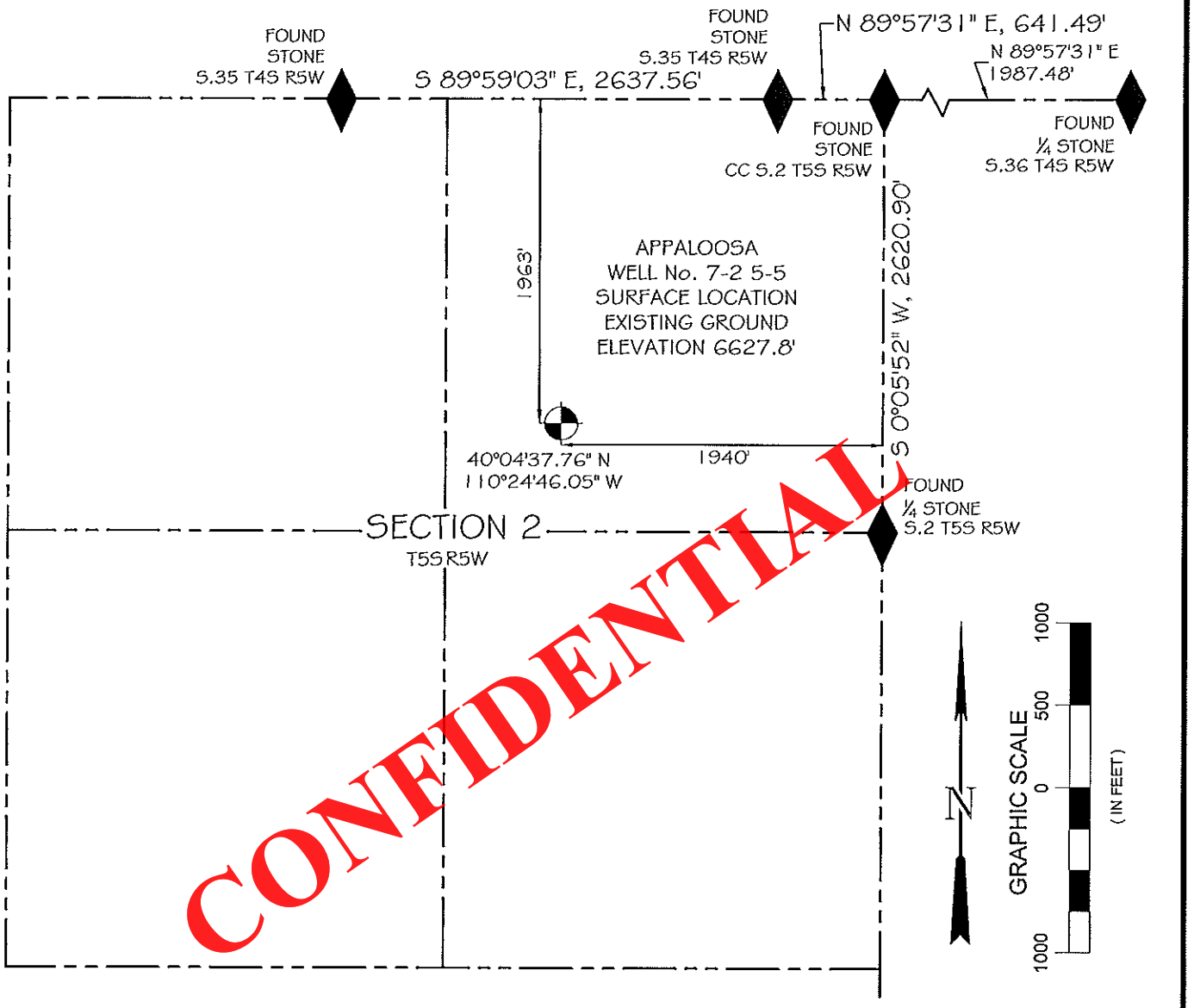
## 8 Anticipated Starting Dates and Notification of Operations

Drilling Activity:

| | |
|---|---|
| Anticipated Commencement Date: | Upon approval of the APD. |
| Drilling Days: | Approximately 7 days. |
| Completion Days: | Approximately 6 days |

RECEIVED: July 18, 2012

API Well Number: 43013515840000




BASIS OF BEARING

Geodetic North at CP WOOD
40°04'04.86465" N, 110°23'05.75067" W (NAD 83)

BASIS OF ELEVATION

NAVD 88 using Geoid 09

SURVEY NOTE

The Northeast Closing Corner of S. 2 T5S, R5W USB&M is a found stone that lands in the True Postion of the NE corner of section 2.

## CERTIFICATE OF SURVEYOR

STATE of WYOMING )
COUNTY of UINTA ) ss

I, Cloey C. Wall, of Uinta Engineering and Surveying, Inc. hereby state that I am by occupation a Professional Land Surveyor employed by the Wood Group PSN to make the survey of the well described and shown on this plat; that the survey of said works was made under my supervision and under my authority and that such survey is accurately represented hereon.

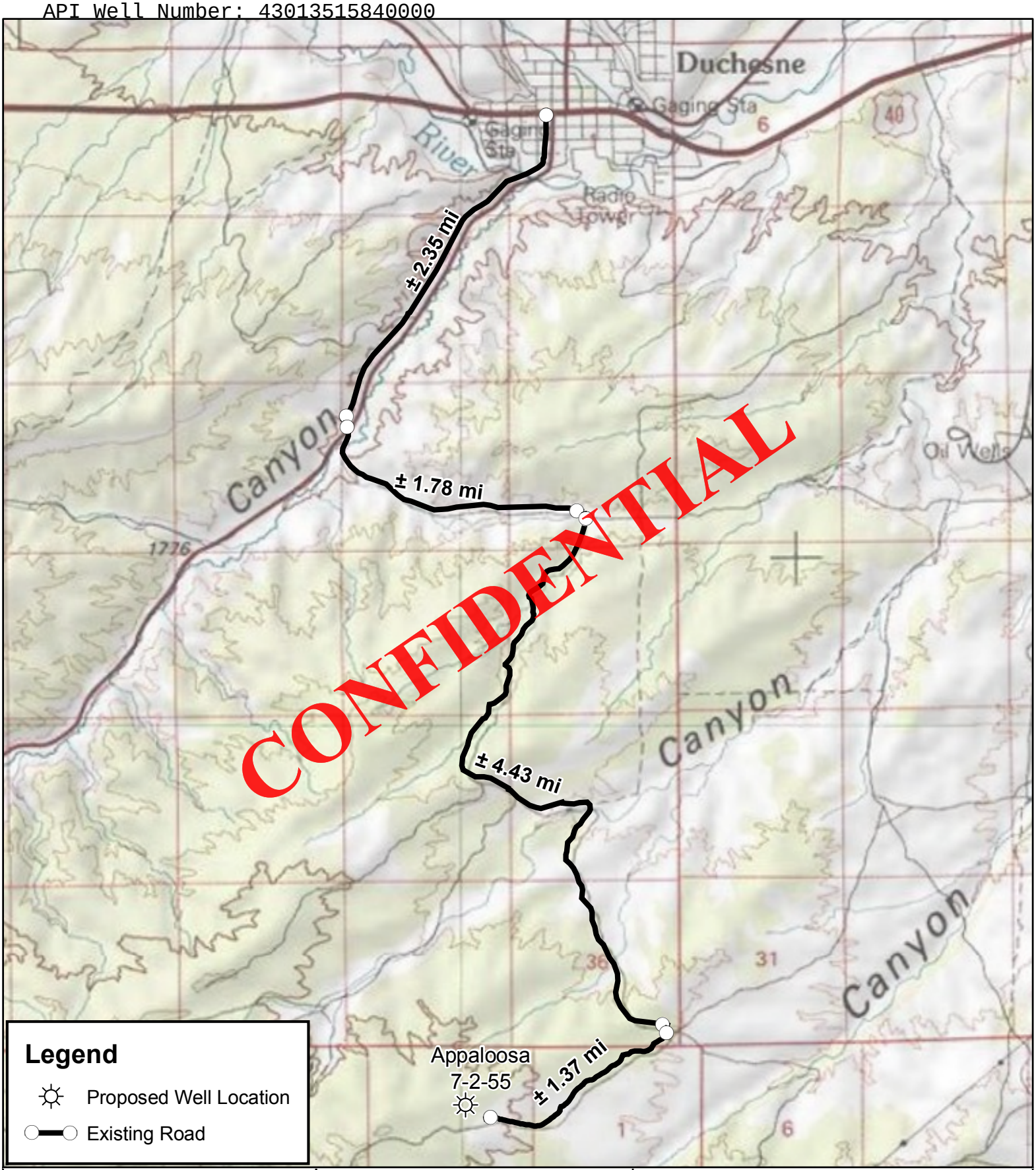
PROFESSIONAL LAND SURVEYOR
No. 324872
CLOEY C. WALL
7/18/12
STATE OF UTAH

Map to ACCOMPANY
APPLICATION FOR for PERMIT to DRILL
APPALOOSA WELL No. 7-2 5-5
1963' FNL, 1940' FEL
SECTION 2, T5S, R5W, USB&M
DUCHESNE COUNTY, UT

UINTA ENGINEERING & SURVEYING INC.
85 SOUTH 200 EAST
VERNAL, UTAH 84078
435-789-1365
FAX 435-789-1813
UES
Established 1972

DATE: 06/26/12 JOB #: 12-113 FILE: 12-113
DRAWN BY: Theresa Weston SURVEYOR: Cloey Wall

API Well Number: 43013515840000




PREPARED FOR:

APPALOOSA ENERGY LLC

CREATED BY:

WOOD GROUP PSN

N

APPALOOSA ENERGY

Appaloosa 7-2-55
SEC. 2, T5S, R5W
Duchesene County, UT

DRAWN BY: MANNY RODRIGUEZ
DATE: 7/11/2012
SCALE: 1 inch = 4,000 feet

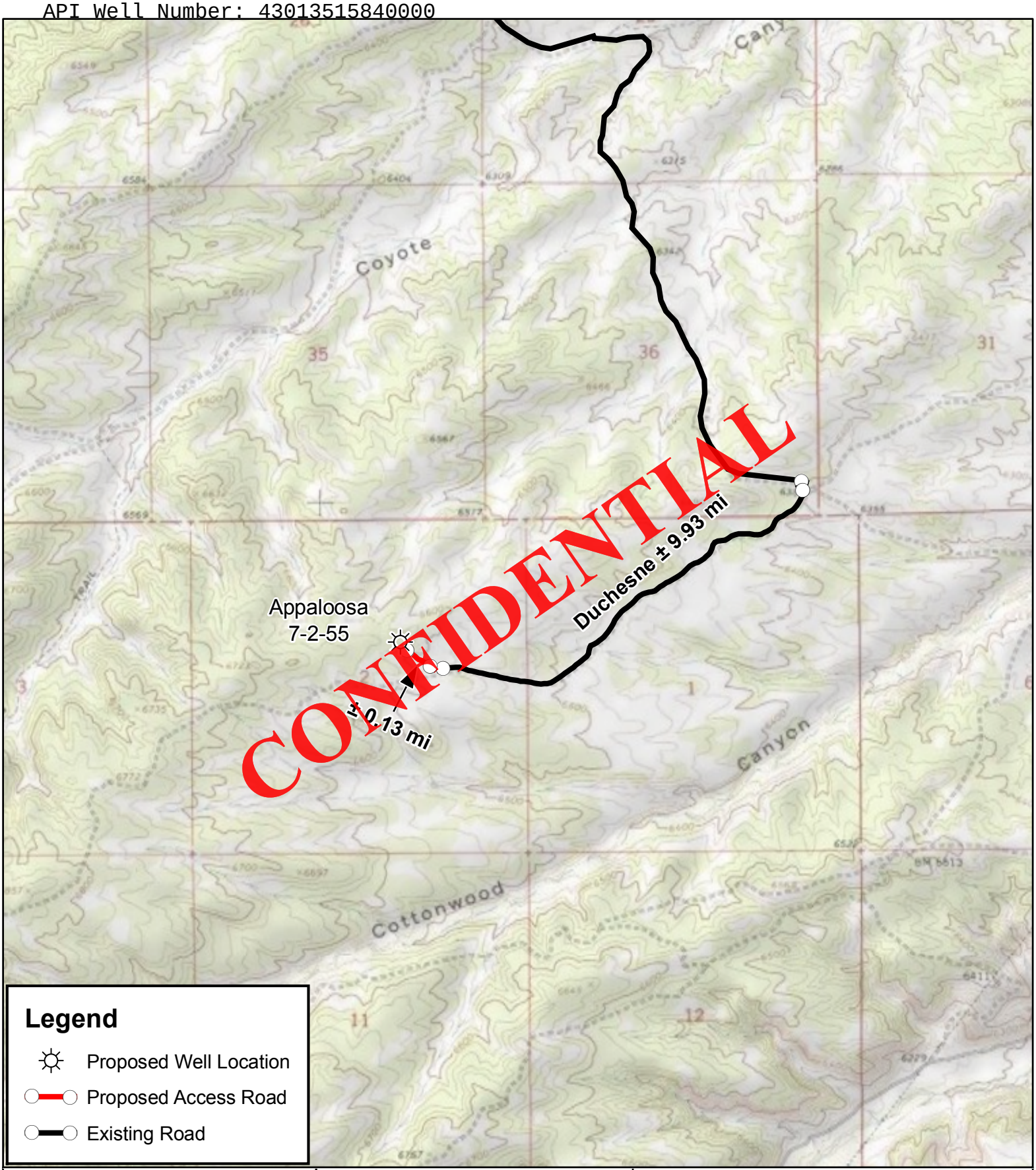
ACCESS ROAD MAP

TOPOGRAPHIC MAP

SHEET
A

RECEIVED: July 18, 2012

API Well Number: 43013515840000




PREPARED FOR:

APPALOOSA ENERGY LLC

CREATED BY:

WOOD GROUP PSN

N

APPALOOSA ENERGY

Appaloosa 7-2-55
SEC. 2, T5S, R5W
Duchesene County, UT

DRAWN BY: MANNY RODRIGUEZ
DATE: 7/11/2012
SCALE: 1 inch = 2,000 feet

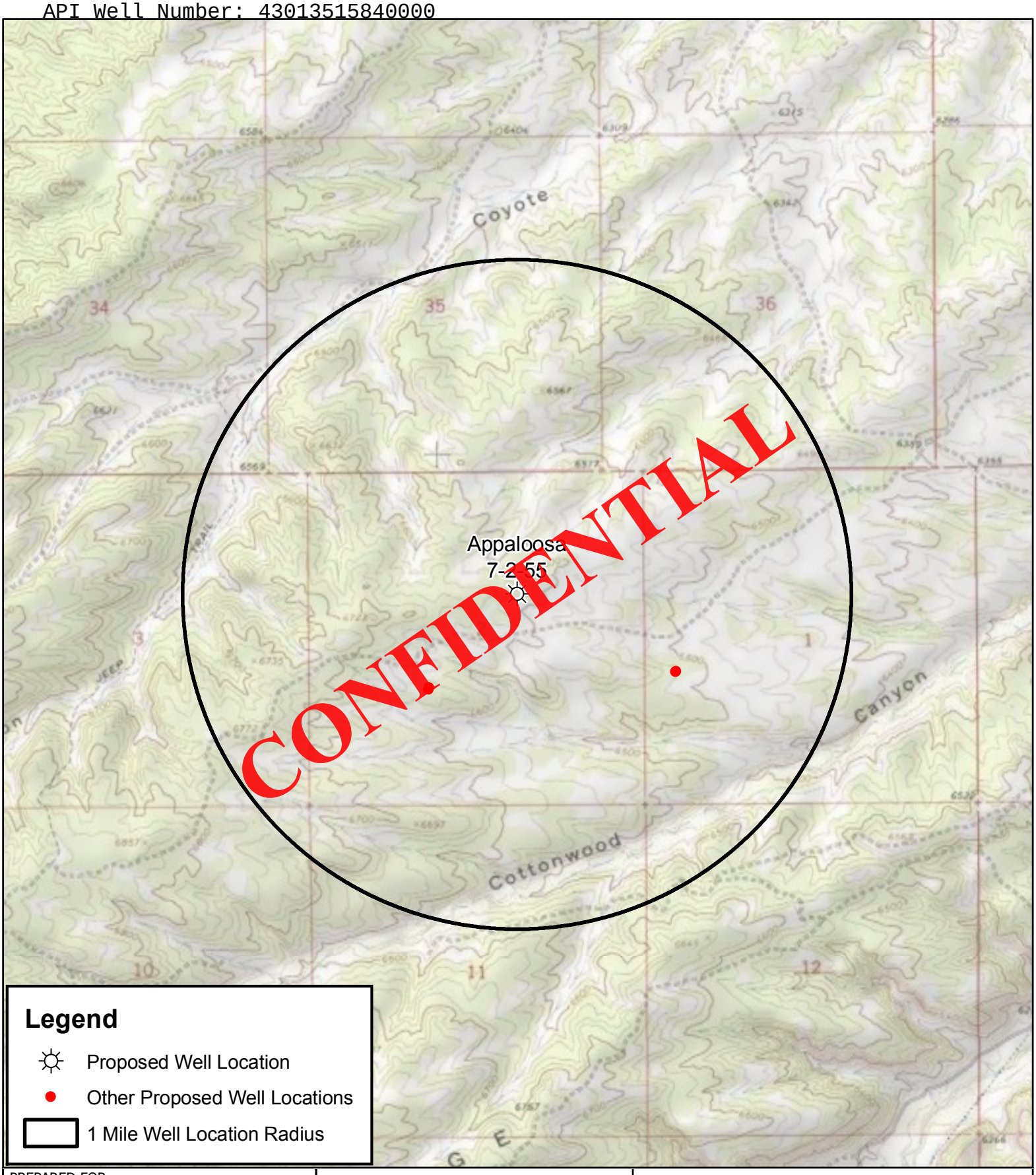
ACCESS ROAD MAP

TOPOGRAPHIC MAP

SHEET
B

RECEIVED: July 18, 2012

API Well Number: 43013515840000




PREPARED FOR:

APPALOOSA ENERGY LLC

CREATED BY:

WOOD GROUP PSN

N

APPALOOSA ENERGY

Appaloosa 7-2-55
SEC. 2, T5S, R5W
Duchesene County, UT

DRAWN BY: MANNY RODRIGUEZ
DATE: 7/11/2012
SCALE: 1 inch = 2,000 feet

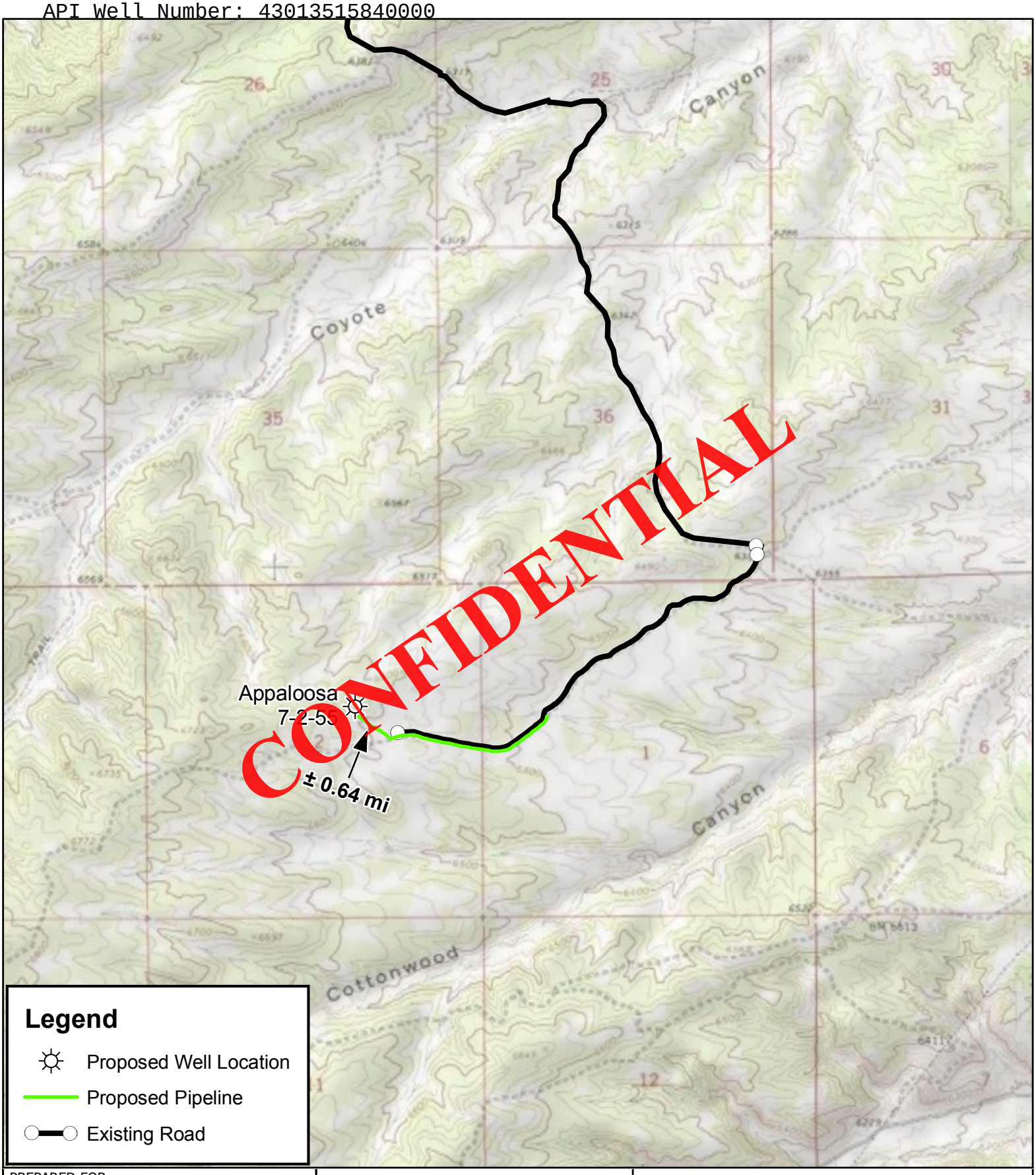
EXHIBIT B MAP

TOPOGRAPHIC MAP

SHEET
D

RECEIVED: July 18, 2012

API Well Number: 43013515840000




PREPARED FOR:

APPALOOSA ENERGY LLC

CREATED BY:

WOOD GROUP PSN

N

APPALOOSA ENERGY

Appaloosa 7-2-55
SEC. 2, T5S, R5W
Duchesene County, UT

DRAWN BY: MANNY RODRIGUEZ
DATE: 7/12/2012
SCALE: 1 inch = 2,000 feet

PROPOSED PIPELINE MAP

TOPOGRAPHIC MAP

SHEET C

RECEIVED: July 18, 2012

APPALOOSA OPERATING COMPANY, LLC

Appaloosa 7-2 5-5

Surface Location: SW ¼, NE ¼ , 1,963 FNL 1,940' FWL, Section 2, T5S, R5W, U.S.B. &M.

Duchesne County, UT

ONSHORE ORDER NO.1

DRILLING PROGRAM

**1,2 Estimated Tops of Geological Markers and Formations Expected to Contain Water, Oil and Gas, and Other Minerals.**

| FORMATION | Measured Depth |
|---|---|
| Uinta Fm | On Surface |
| Green River Fm | 2145' |
| Mahogany | 2830' |
| * Garden Gulch Mbr | 3885' |
| *Douglas Creek Mbr | 4630' |
| *Castle Peak Mbr | 5580' |
| *Uteland Butte Mbr. | 6030' |
| Wasatch | 6425' |
| TD | 6725' |

*PROSPECTIVE PAY



**3 Pressure Control Equipment (Schematic attached)**

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc. A 2M system will be utilized. The attached diagram depicts the use of an annular in conjunction with double rams. However, an annular, double rams, or both may be used depending on the drilling rig contracted. Chart recorders will be used for all pressure tests.

Test Charts with individual test results identified, shall be maintained on location while drilling and shall be made available to a representative upon request.

All required BOP tests and/or drills shall be recorded in the IADC report.

The anticipated bottom hole pressure will be less than 2,000 psi.

RECEIVED: July 24, 2012

## 4 Proposed Casing and Cementing Program

The proposed Casing Program will be as follows:

| Purpose | Depth | Hole Size | Casing Size | Type | Connection | Weight |
|---|---|---|---|---|---|---|
| Surface | 350’ | 12.25” | 8.625” | J-55 | ST&C | 24# |
| Production | 6725’ | 7.875” | 5.5” | J-55 | LT&C | 15.5# |

| Surface | Fill | Type and Amount |
|---|---|---|
| 0’-350’ | 350’ | Approximately 200 sks Class “G” (Type III) cement + additives or a similar slurry with a minimum weight of 15.8 ppg and approximate yield of 1.15 cf/sk, minimum 24 hr compressive strength = 500 psi (Cement will be circulated to surface and topped off, If necessary.) |

| Production | Type and Amount |
|---|---|
| 0’ - 3500’ | Approximately 180 sks HiFill Lead Cement + additives or similar slurry with a minimum weight of 11.0 ppg and approximate yield of 3.82 cf/sk |
| 3500’ – 6725’ | Approximately 507 sks 50/50 Poz tail Cement + additives or a similar slurry with a minimum weight of 14.2 ppg and approximate yield of 1.26 cf/sk |



For production casing, actual cement volumes will be determined from the caliper log plus a minimum of 15% excess.

## 5 Drilling Fluids Program

| Interval | Weight | Viscosity | Fluid Loss | Remarks |
|---|---|---|---|---|
| 0’-350’ | 8.3-8.6 | 27-40 | NC | Spud Mud |
| 350’ – TD | 8.6-8.9 | 27-40 | NC | KCL Water |

Appaloosa Operating Company, LLC will use either a Manual or Electronic drilling fluid monitoring system on all well sites.

## 6 Evaluation Program

RECEIVED: July 24, 2012

| | |
|---|---|
| Logging Program: | HRI-GR-SP with SDL-DSN-PE: surface casing to TD. Preserve samples from all show intervals. |
| Sampling: | 10' dry cut samples: Garden Gulch to TD. Preserve samples from all show intervals. |
| Surveys: | As deemed necessary |
| Mud Logger: | As deemed necessary |
| Drill Stem Tests: | As deemed necessary |
| Cores: | As deemed necessary |



## 7 Abnormal Conditions

No abnormal temperatures or pressures or other hazards are anticipated.

## 8 Anticipated Starting Dates and Notification of Operations

Drilling Activity:

| | |
|---|---|
| Anticipated Commencement Date: | Upon approval of the APD. |
| Drilling Days: | Approximately 7 days. |
| Completion Days: | Approximately 6 days |

RECEIVED: July 24, 2012

**SURFACE USE & OPERATIONS PLAN**

Appaloosa 7-2-5-5

APPALOOSA OPERATING COMPANY

Cottonwood Ridge Project Area
Duchesne County, Utah

Contractors shall be provided with an approved copy of the Surface Use and Operations Plan prior to initiating construction on Utah Division of Wildlife Resources (DWR) surface.

The referenced project is located on DWR fee surface. This plan is intended to outline surface use and operations only on DWR lands, with similar plans being submitted to the remaining owners as required.

Site specific conditions of approval shall be outlined within the DWR surface use grants and site specific Application for Permit to Drill (APD) approvals.



Existing Roads:

Existing roads have been utilized wherever practical use of these roads has been outlined within the submitted maps and plats and will be further described in the site specific right-of-way (ROW) application and APD.

Improvements to existing access roads shall be noted in the site specific APD's and in accordance with DWR specifications.

Existing roads shall be maintained and kept in good repair during drilling, completion, and producing operations associated with this project.

Planned Access Roads:

Planned access roads shall be outlined within the submitted maps and plats for the Project as well as be further described in the site specific ROW application and APD. Access roads shall be constructed according to the surface owners' specifications. These specifications shall become part of the approval package for the approved Project.

Surface disturbance and vehicular traffic shall be limited to the approved access route. Any additional area's needed shall be approved in advance.

Access roads and surface disturbing activities shall conform to standards outlined in the BLM and Forest Service publication, (Surface Operating Standards for Oil and Gas Exploration and Development, Fourth Edition – Revised 2007).

New access roads shall be crowned (2 to 3%), ditched, and constructed using a running surface of eighteen (18) feet with a maximum disturbed width of thirty-two (32) feet. Graveling or capping roadbed shall be performed as necessary to ensure a well-constructed and safe road. Prior to construction or upgrading, the proposed road shall be cleared of any snow.

Disturbed width may be wider than thirty-two (32) feet to accommodate larger equipment where cuts and fills are required for road construction, as well as intersections where sharp curves occur and/or as proposed by the operator requires approval from the DWR.

RECEIVED: July 24, 2012

Appropriate water control structures shall be installed to control erosion.

When requested by the DWR "DEAD END ROAD" signs shall be installed and maintained at a designated location.

Unless specified in the site specific APD, the following specifications shall apply:

i. Maximum grade of ten-percent (10%) shall be maintained throughout the Project.

ii. Turnouts are not allowed.

iii. Major cuts and fills, or bridges are prohibited. Culverts and related drainage structures shall be installed on an as-needed basis.

iv. Access road shall be centerline flagged prior to construction.

v. Gates, cattle guards, fence cuts, and/or modifications to existing range facilities shall be installed on an as-needed basis.

vi. Surfacing materials shall be obtained from a state approved gravel source and utilized as necessary to ensure an all weather road.

vii. Road surface and shoulders shall be kept in a safe, and usable condition and shall be maintained in accordance with original construction standards.

viii. Drainage ditches and culverts shall be kept clear and free-flowing and shall be maintained according to the original construction standards.

ix. Access road ROW shall be kept free of trash during operations.

x. Traffic shall be confined to the approved running surface. Road drainage crossings shall be typical dry creek drainage crossing type.

xi. Crossings shall be designed to prevent siltation or accumulation of debris in the drainage crossing, and drainages kept clear of blockages near the roadbed.

xii. Erosion of drainage ditches caused by runoff water shall be prevented by diverting water off at frequent intervals using cutouts.

xiii. Should mud holes develop, holes shall be filled, in addition to detours around the holes avoided.

xiv. Following snow removal from the road during winter months, snow shall be pushed outside borrow ditches and turnouts kept clear to ensure snowmelt is channeled away from the road.



Location of Existing Wells within a One (1) Mile Radius:

A map shall be provided illustrating site specific APD's, including locations of existing wells within a one (1) mile radius.

Location of Tank Batteries, Production Facilities, and Production Gathering and Service Lines:

The following guidelines shall apply if the well is productive:

i. Permanent (on site for six (6) months or longer) structures constructed or installed shall be painted a flat, non-reflective, olive black color. All facilities shall be painted within six (6) months of installation. Facilities which are required to comply with the Occupational Safety and Health Act (OSHA) shall be excluded.

ii. A containment dike shall be constructed surrounding production facilities which contain fluids (i.e., production tanks and/or produced water tanks). A dike shall be constructed of compacted subsoil, be impervious, hold one hundred-fifty percent (150%) capacity of the largest tank, and be independent of the back cut. The site specific APD shall address additional capacity if needed, due to environmental concerns. Use of topsoil for constructing dikes shall not be allowed.

iii. Description of the proposed pipeline and map illustrating the proposed route shall be submitted, including site specific ROW application and APD.

iv. Site security guidelines identified within Federal Regulation 43 CFR 3126.7, shall be adhered to. Off-lease storage, off-lease measurement, and/or commingling on-lease or off-lease production shall have prior written approval using "Form -BLM/VFO".

v. Gas meter runs shall be located approximately one hundred (100) feet from the wellhead. Where necessary, the gas line shall be buried, or anchored beginning at wellhead to the meter. Where necessary, meter runs shall be housed and/or fenced.



Location and Type of Water Supply

Location and type of water supply shall be submitted along with site specific APD.

Water for the drilling and completion will be pumped or trucked from ONE OF THE FOLLOWING:

Duchesne City Culinary Dock located in Sec. 1, T4S, R5W,

East Duchesne Water, Arcadia Feedlot, Sec.28, T3S, R3W

Myton (Moon) Pit, SE/NE Sec.27, T3S, R2W,

Source of Construction Materials:

All construction materials for this Project shall be local material accumulated during construction of the location site, access roads or pipelines.

Additional gravel or pit lining material shall be obtained from a private source.

Use of materials under BLM jurisdiction shall conform to guidelines outlined in 43 CFR 3610.2-3.

Methods of Handling Waste Materials:

Drill cuttings shall be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, shall be contained in the reserve pit. Upon termination of drilling and completion operations, liquid contents contained in the reserve pit shall be used at the subsequent drill site, or shall be removed and disposed of at an approved waste disposal facility within one hundred-eighty (180) days after drilling has been terminated. Immediately upon well completion, any hydrocarbons in the pit shall

be removed in accordance with guidelines outlined in 43 CFR 3162.7-1.

Unless specified in the site specific APD, the reserve pit shall be constructed on location and shall not be located within natural drainages where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit shall be constructed to prevent leakage, breakage and/or discharge of liquids.

If determined at the onsite that a pit liner is necessary, the reserve pit shall be lined using a synthetic reinforced liner, a minimum of twelve (12) millimeters thick, including sufficient bedding to cover any rocks. The liner shall overlap pit walls and be covered with dirt and/or rocks to hold it in place. Trash or scrap that could puncture the liner shall not be disposed of in the pit.

Reserve pit leaks are considered unacceptable and undesirable and upon occurrence, shall be orally reported to the DWR.

Following first production, produced wastewater shall be trucked to one of the following approved waste water disposal sites: R.N. Industries, Inc. Sec. 4, T2S, R2W, Bluebell; MC & MC Disposal Sec. 12, T6S, R19E, Vernal; LaPoint Recycle & Storage Sec. 12, T5S, R19E, LaPoint or Water Disposal Inc. Sec. 32, T1S, R1W, Roosevelt; used in operations of the field or, confined to the approved pit or storage tank for a period not to exceed ninety (90) days.



Production fluids shall be contained using leak-proof tanks. Production fluids shall be disposed of at approved disposal sites. Produced water, oil, and other byproducts shall not be applied to roads or well pads for control of dust or weeds.

Indiscriminate dumping of produced fluids on roads, well sites, or other areas is prohibited.

Spills of oil, gas, salt water, and/or other noxious fluids, shall be immediately cleaned-up and removed to an approved disposal site.

A chemical portable toilet shall be furnished to accompany the drilling rig.

Garbage, trash, and other waste materials shall be collected in a portable, self-contained, fully enclosed trash cage during operations. Trash shall not be burned on location.

Debris and other waste materials, not contained in the trash cage, shall be cleaned-up and removed from location immediately subsequent to removal of the drilling rig.

Open pits shall be fenced during operations. Fencing shall be maintained until such time as pits are backfilled.

Ancillary Facilities:

There are no ancillary facilities planned for at this time and none are foreseen in the future.

Wellsite Layout:

A location layout diagram describing drill pad cross-sections, cuts and fills, locations of mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s) shall be included along with site specific ROW application and APD.

RECEIVED: July 24, 2012

The diagram shall describe rig orientation, parking areas, access roads, as well as location of the following:

Reserve pit.

Stockpiled topsoil shall not be used for facility berms. All brush removed from the well pad during construction shall be stockpiled with topsoil.

Flare pit, shall be located downwind from prevailing wind direction.

Access road.

All pits shall be fenced according to the following minimum standards:

Thirty-nine (39) inch net wire shall be used with a minimum of one (1) strand of wire on top of the net wire. Barbed wire is not necessary if pipe or a similar type of reinforcement rod is attached to the top of the entire fence.

Net wire shall be no more than two (2) inches above ground level. Barbed wire shall be three (3) inches over the net wire. Total height of the fence shall be at a minimum of forty-two (42) inches.

Corner posts shall be cemented and/or braced in such a manner to ensure the fence remains tight at all times.

Standard steel, wood, or pipe posts shall be used between corner braces. Distance between any two (2) posts shall be no greater than sixteen (16) feet.

Wire shall be stretched using a stretching device prior to being attached to corner posts.

Reserve pit fencing shall be on two (2) sides during drilling operations and on the third and fourth sides when the rig moves off location. Pits shall be fenced and maintained until cleanup.

Plans for Restoration of Surface:

Immediately upon well completion, location and surrounding areas shall be cleared of all unused pipe, materials, trash, and debris not required for production.

All disturbed areas shall be re-contoured to approximate natural contours.

Any drainage rerouted during construction activities shall be restored to original line of flow or as near as possible.

Prior to backfilling reserve pit, the fence surrounding the reserve pit shall be removed. The pit liner shall be cut off at water or mud line and disposed of at an approved landfill site. The liner shall also be torn and perforated after the pit dries and prior to backfilling the reserve pit.

Prior to dirt work associated with reserve pit restoration, the reserve pit shall be as dry as possible. All debris within the pit shall be removed. Other waste and spoil materials shall be disposed of immediately upon completion of operations. The reserve pit shall be reclaimed within one hundred eighty (180) days from the date of well completion, weather permitting. Once reclamation activities have begun, activities shall be completed within thirty (30) days.



RECEIVED: July 24, 2012

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit shall be allowed in order to prevent seasonal rainfall and runoff from seeping into soil used to cover the reserve pit. Diversion ditches and water bars shall be used to divert runoff as needed.

Prior to construction of the location, the top twelve (12) inches of soil material shall be stripped and stockpiled. Placement of topsoil shall be noted on the location plat attached to the site specific ROW application and APD. Topsoil shall be stockpiled separately from subsoil materials. Topsoil salvaged from reserve pit shall be stockpiled separately near the reserve pit. After drilling and completion activities have been completed, unused portions of the location (area outside of the deadmen) shall be re-contoured and topsoil spread over the area.



RECEIVED: July 24, 2012

Topsoil to be stored for more than one (1) year shall be windrowed, where possible, to a depth of three (3) to four (4) feet at a specified location near the margin of the site.

Broadcast seed using a prescribed seed mixture immediately after windrowing. DWR shall be contacted for the required seed mixture. Seed shall be drilled on contour to an appropriate depth.

The stockpile shall then be “walked” using a dozer to cover the seed.

Following completed restoration activities, location site, together with new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas, including the existing access road shall be scarified and left with a rough surface.

When broadcast seeded, the amount of seed mixture per acre shall be doubled, and a harrow or similar implement shall be dragged over seeded areas to ensure coverage of seeds.

At final abandonment, casing shall be cut-off at the base of the cellar, or three (3) feet below final restored ground level, whichever is deeper, as well as cap casing, using a metal plate with a minimum of 0.25 inches thick. The cap shall be welded in place. Well location and identity shall be permanently inscribed on the cap. The cap shall be constructed using a weep hole.



Surface Ownership:

The ownership of the access roads shall be specified in the site specific ROW application and APD.
The ownership of the well pad shall be specified in the site specific ROW application and APD.

Other Information:

Operations shall be conducted in such a manner to ensure compliance is made with applicable laws, regulations, Onshore Oil and Gas Orders, approved Plan of Operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of its subcontractors. A copy of these conditions shall be furnished to the field representative to ensure compliance.

Operator shall control noxious weeds along access road use authorizations, pipeline route authorizations, well sites or other applicable facilities. A list of noxious weeds may be obtained from the DWR, BLM or the appropriate County Extension Office. On DWR administered land, it is required that a Pesticide Use Proposal be submitted and approved prior to the application of herbicides or other pesticides or possibly hazardous chemicals.

Drilling rigs and/or equipment used during drilling operations on location shall not be stacked or stored on DWR administered lands after the conclusion of drilling operations or at any other time without authorization by the DWR.

A class III archaeological survey has been conducted with reports submitted to the DWR. All personnel will refrain from collecting artifacts and from disturbing any significant cultural resources in the area. The operator is responsible for informing all persons in the area who are associated with the Project that they may be subject to prosecution for knowingly disturbing historic or archaeological sites or for collecting artifacts. All vehicular traffic, personnel movement, construction, and restoration activities shall be confined to the areas examined, as referenced in the archaeological report, and to the

RECEIVED: July 24, 2012

existing roadways and/or evaluated access routes. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that could further disturb such materials and contact the DWR.

Operator's Representatives:

Scott Straessler – Optimization Manager, Wood Group PSN
2615 Aviation Drive
Sheridan, WY 82801
Ph. 307.675.6400 – Cell. 307.461.1132

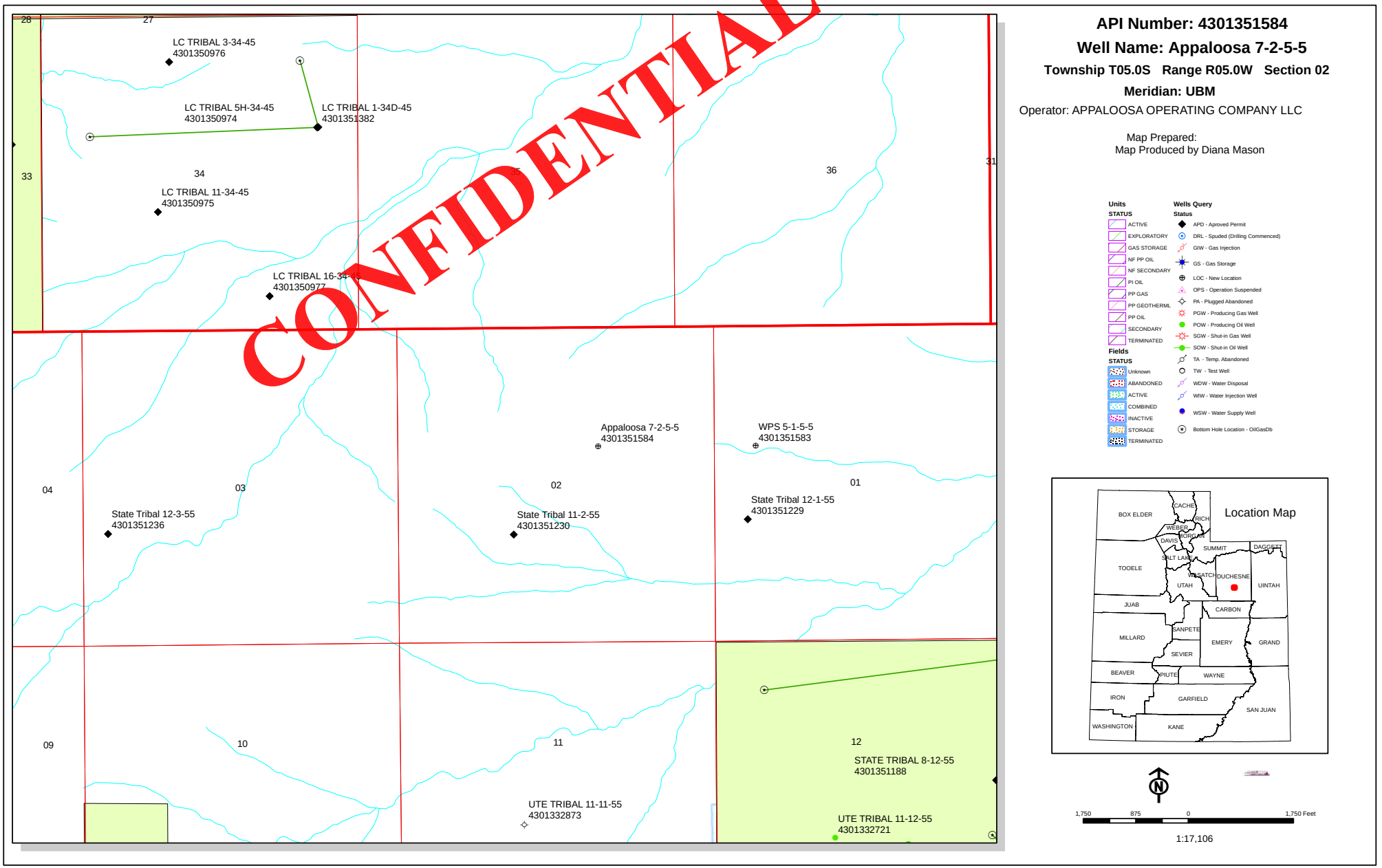
Rick Hendricks - Project Manager. Wood Group PSN
2615 Aviation Drive
Sheridan, WY 82801
Ph. 307.675.6400 – Cell 307.752.3701

Doug Masters Project Supervisor, Wood Group PSN
2615 Aviation Drive
Sheridan, WY 82801
Ph. 307.675.6400 – Cell 752-2160



RECEIVED: July 24, 2012

API Well Number: 43013515840000




**API Number: 4301351584**

**Well Name: Appaloosa 7-2-5-5**

**Township T05.0S Range R05.0W Section 02**

**Meridian: UBM**

Operator: APPALOOSA OPERATING COMPANY LLC

Map Prepared:
Map Produced by Diana Mason

**Units**
**STATUS**
ACTIVE
EXPLORATORY
GAS STORAGE
NF PP OIL
NF SECONDARY
PI OIL
PP GAS
PP GEOTHERML
PP OIL
SECONDARY
TERMINATED

**Fields**
**STATUS**
Unknown
ABANDONED
ACTIVE
COMBINED
INACTIVE
STORAGE
TERMINATED

**Wells Query**
**Status**
APD - Aproved Permit
DRL - Spuded (Drilling Commenced)
GIW - Gas Injection
GS - Gas Storage
LOC - New Location
OPS - Operation Suspended
PA - Plugged Abandoned
PGW - Producing Gas Well
POW - Producing Oil Well
SGW - Shut-in Gas Well
SOW - Shut-in Oil Well
TA - Temp. Abandoned
TW - Test Well
WDW - Water Disposal
WIW - Water Injection Well
WSW - Water Supply Well
Bottom Hole Location - OilGasDb

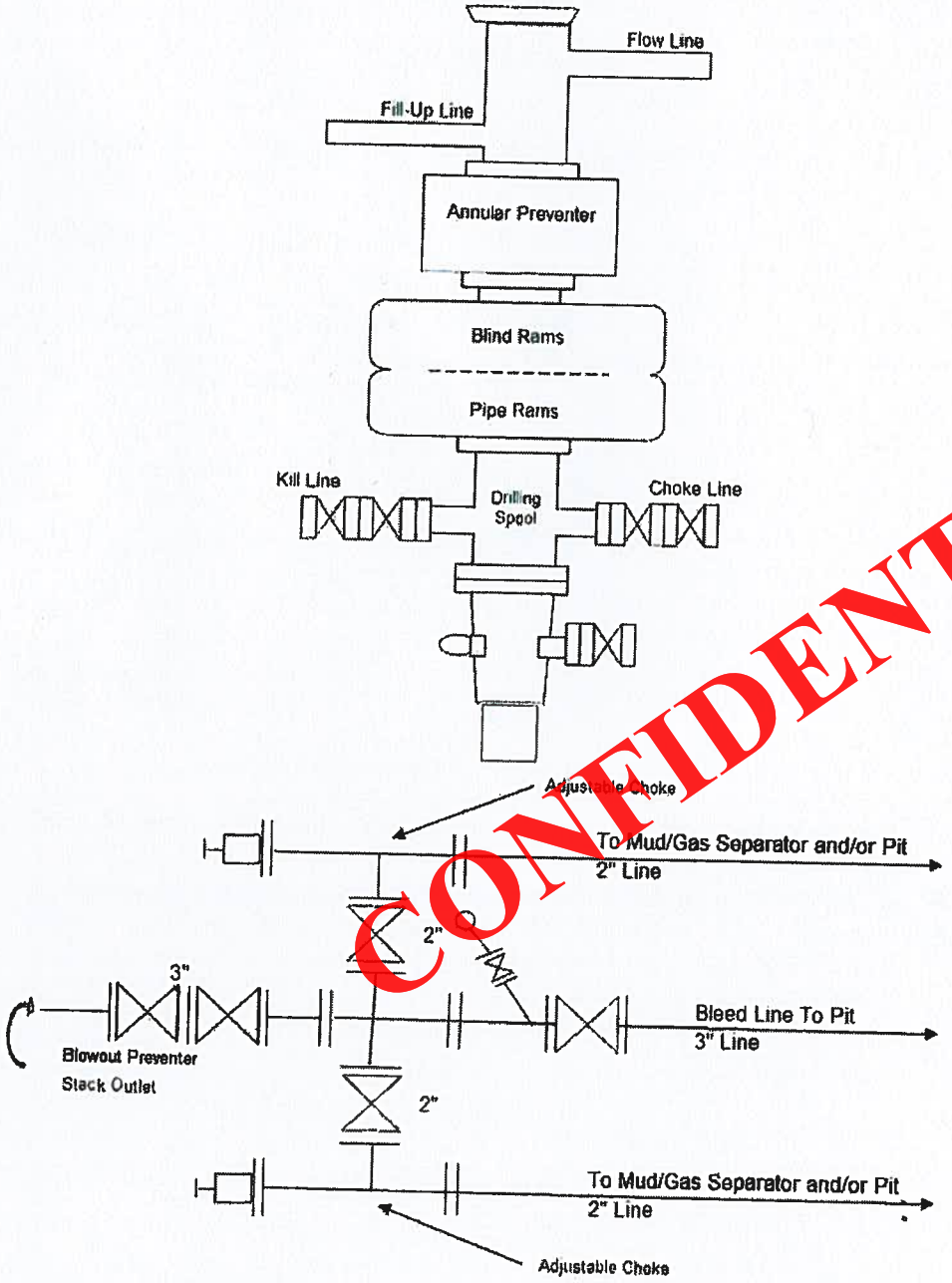



1,750 875 0 1,750 Feet

1:17,106

RECEIVED: July 31, 2012

# SCHEMATIC DIAGRAM OF 2,000 PSI BOP STACK



API Well Number: 43013515840000

**BOPE REVIEW APPALOOSA OPERATING COMPANY LLC Appaloosa 7-2-5-5 43013515840000**

| | | | | |
|---|---|---|---|---|
| **Well Name** | APPALOOSA OPERATING COMPANY LLC Appaloosa 7-2-5-5 430135 | | | |
| **String** | SURF | PROD | | |
| **Casing Size(")** | 8.625 | 5.500 | | |
| **Setting Depth (TVD)** | 680 | 6725 | | |
| **Previous Shoe Setting Depth (TVD)** | 0 | 680 | | |
| **Max Mud Weight (ppg)** | 8.6 | 8.9 | | |
| **BOPE Proposed (psi)** | 0 | 2000 | | |
| **Casing Internal Yield (psi)** | 2950 | 4810 | | |
| **Operators Max Anticipated Pressure (psi)** | 2000 | 5.7 | | |

| Calculations | SURF String | 8.625 | " | |
|---|---|---|---|---|
| **Max BHP (psi)** | .052*Setting Depth*MW= | 304 | | |
| | | | **BOPE Adequate For Drilling And Setting Casing at Depth?** | |
| **MASP (Gas) (psi)** | Max BHP-(0.12*Setting Depth)= | 222 | NO | spud mud |
| **MASP (Gas/Mud) (psi)** | Max BHP-(0.22*Setting Depth)= | 154 | NO | OK |
| | | | ***Can Full Expected Pressure Be Held At Previous Shoe?** | |
| **Pressure At Previous Shoe** | Max BHP-.22*(Setting Depth - Previous Shoe Depth)= | 154 | NO | |
| **Required Casing/BOPE Test Pressure=** | | 680 | psi | |
| ***Max Pressure Allowed @ Previous Casing Shoe=** | | 0 | psi | *Assumes 1psi/ft frac gradient |

| Calculations | PROD String | 5.500 | " | |
|---|---|---|---|---|
| **Max BHP (psi)** | .052*Setting Depth*MW= | 3122 | | |
| | | | **BOPE Adequate For Drilling And Setting Casing at Depth?** | |
| **MASP (Gas) (psi)** | Max BHP-(0.12*Setting Depth)= | 2305 | NO | |
| **MASP (Gas/Mud) (psi)** | Max BHP-(0.22*Setting Depth)= | 1633 | YES | OK |
| | | | ***Can Full Expected Pressure Be Held At Previous Shoe?** | |
| **Pressure At Previous Shoe** | Max BHP-.22*(Setting Depth - Previous Shoe Depth)= | 1782 | NO | Reasonable |
| **Required Casing/BOPE Test Pressure=** | | 2000 | psi | |
| ***Max Pressure Allowed @ Previous Casing Shoe=** | | 680 | psi | *Assumes 1psi/ft frac gradient |

| Calculations | String | | " | |
|---|---|---|---|---|
| **Max BHP (psi)** | .052*Setting Depth*MW= | | | |
| | | | **BOPE Adequate For Drilling And Setting Casing at Depth?** | |
| **MASP (Gas) (psi)** | Max BHP-(0.12*Setting Depth)= | | NO | |
| **MASP (Gas/Mud) (psi)** | Max BHP-(0.22*Setting Depth)= | | NO | |
| | | | ***Can Full Expected Pressure Be Held At Previous Shoe?** | |
| **Pressure At Previous Shoe** | Max BHP-.22*(Setting Depth - Previous Shoe Depth)= | | NO | |
| **Required Casing/BOPE Test Pressure=** | | | psi | |
| ***Max Pressure Allowed @ Previous Casing Shoe=** | | | psi | *Assumes 1psi/ft frac gradient |

| Calculations | String | | " | |
|---|---|---|---|---|
| **Max BHP (psi)** | .052*Setting Depth*MW= | | | |
| | | | **BOPE Adequate For Drilling And Setting Casing at Depth?** | |
| **MASP (Gas) (psi)** | Max BHP-(0.12*Setting Depth)= | | NO | |
| **MASP (Gas/Mud) (psi)** | Max BHP-(0.22*Setting Depth)= | | NO | |
| | | | ***Can Full Expected Pressure Be Held At Previous Shoe?** | |
| **Pressure At Previous Shoe** | Max BHP-.22*(Setting Depth - Previous Shoe Depth)= | | NO | |
| **Required Casing/BOPE Test Pressure=** | | | psi | |
| ***Max Pressure Allowed @ Previous Casing Shoe=** | | | psi | *Assumes 1psi/ft frac gradient |

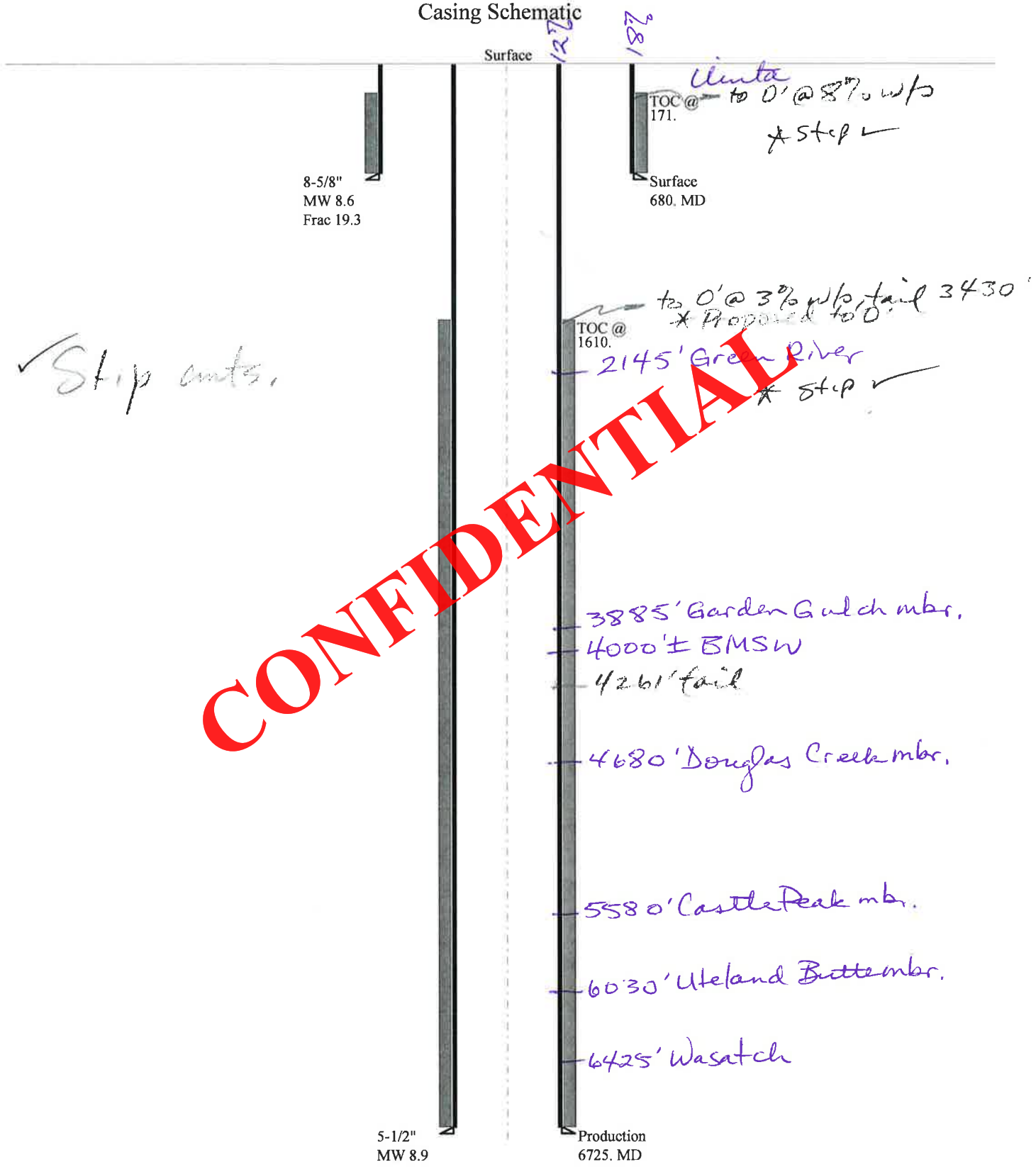


RECEIVED: October 09, 2012

API Well Number: 43013515840000

# 43013515840000 Appaloosa 7-2-5-5

## Casing Schematic



API Well Number: 43013515840000

| | |
|---|---|
| Well name: | **43013515840000 Appaloosa 7-2-5-5** |
| Operator: | **APPALOOSA OPERATING COMPANY LLC** |
| String type: | Surface |
| Project ID: | 43-013-51584 |
| Location: | DUCHESNE COUNTY |

**Design parameters:**

**Collapse**
Mud weight: 8.600 ppg
Design is based on evacuated pipe.

**Burst**
Max anticipated surface pressure: 598 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 680 psi

No backup mud specified.

**Minimum design factors:**

**Collapse:**
Design factor 1.125

**Burst:**
Design factor 1.00

**Tension:**
8 Round STC: 1.80 (J)
8 Round LTC: 1.70 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 592 ft

**Environment:**
H2S considered? No
Surface temperature: 74 °F
Bottom hole temperature: 84 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 100 ft

Cement top: 171 ft

Completion type is subs
**Non-directional string.**

**Re subsequent strings:**
Next setting depth: 6,350 ft
Next mud weight: 8.900 ppg
Next setting BHP: 2,936 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 680 ft
Injection pressure: 680 psi

| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Est. Cost ($) |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 680 | 8.625 | 24.00 | J-55 | ST&C | 680 | 680 | 7.972 | 3501 |

| Run Seq | Collapse Load (psi) | Collapse Strength (psi) | Collapse Design Factor | Burst Load (psi) | Burst Strength (psi) | Burst Design Factor | Tension Load (kips) | Tension Strength (kips) | Tension Design Factor |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 304 | 1370 | 4.510 | 680 | 2950 | 4.34 | 16.3 | 244 | 14.95 J |

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Mining
Phone: 801 538-5357
FAX: 801-359-3940
Date: October 1,2012
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 680 ft, a mud weight of 8.6 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*

| | |
|---|---|
| Well name: | **43013515840000 Appaloosa 7-2-5-5** |
| Operator: | **APPALOOSA OPERATING COMPANY LLC** |
| String type: | Production |
| Project ID: | 43-013-51584 |
| Location: | DUCHESNE COUNTY |

**Design parameters:**

**Collapse**
Mud weight: 8.900 ppg
Design is based on evacuated pipe.

**Burst**
Max anticipated surface pressure: 1,630 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 3,109 psi

No backup mud specified.

**Minimum design factors:**

**Collapse:**
Design factor 1.125

**Burst:**
Design factor 1.00

**Tension:**
8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.60 (B)

Tension is based on air weight.
Neutral point: 5,819 ft

**Environment:**
H2S considered? No
Surface temperature: 74 °F
Bottom hole temperature: 168 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 100 ft

Cement top: 1,610 ft

Completion type is subs
**Non-directional string.**



| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Est. Cost ($) |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 6725 | 5.5 | 15.50 | J-55 | LT&C | 6725 | 6725 | 4.825 | 23746 |

| Run Seq | Collapse Load (psi) | Collapse Strength (psi) | Collapse Design Factor | Burst Load (psi) | Burst Strength (psi) | Burst Design Factor | Tension Load (kips) | Tension Strength (kips) | Tension Design Factor |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 3109 | 4040 | 1.299 | 3109 | 4810 | 1.55 | 104.2 | 217 | 2.08 J |

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Mining
Phone: 801 538-5357
FAX: 801-359-3940
Date: October 1,2012
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 6725 ft, a mud weight of 8.9 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*

# ON-SITE PREDRILL EVALUATION
## Utah Division of Oil, Gas and Mining

**Operator** APPALOOSA OPERATING COMPANY LLC
**Well Name** Appaloosa 7-2-5-5
**API Number** 43013515840000 **APD No** 6381 **Field/Unit** WILDCAT
**Location: 1/4,1/4** SWNE **Sec** 2 **Tw** 5.0S **Rng** 5.0W 1963 FNL 1940 FEL
**GPS Coord (UTM)** 550064 4436485 **Surface Owner** Utah Division of Wildlife Resources

**Participants**

Brad Posey, John Whiteside - Appaloosa Operating; Ricky Hendricks, Scott Straessler, Preston Anesi - Wood Group; Alex Hansen, Ben Williams - DWR

**Regional/Local Setting & Topography**

The proposed action is within a WMA operated by Utah DWR 6 miles South of the City of Duchesne between Cottonwood and Coyote Canyons. The area is sparsely developed and described as a high desert plain with P/J, greasewood and abundant bunch grasses. The topography is mostly eroded hills and gullies with slopes much greater than 6%. The soils are rather silty ovelain by a great deal of angular clastic shales. The pad is to be built atop a small knoll that slopes Easterly above a circle of pinyon trees in an area with little vegetation.



**Surface Use Plan**

**Current Surface Use**
Wildlfe Habitat
Deer Winter Range

| New Road Miles | Well Pad | Src Const Material | Surface Formation |
|---|---|---|---|
| | **Width** 250 **Length** 350 | Onsite | UNTA |

**Ancillary Facilities** N

**Waste Management Plan Adequate?** Y

**Environmental Parameters**

**Affected Floodplains and/or Wetlands** N

**Flora / Fauna**

High desert shrubland ecosystem. Identified or expected vegetation consists of black sagebrush, shadscale, Atriplex spp., mustard spp, rabbit brush, horsebrush, broom snakeweed, Opuntia spp and spring annuals.
Dominant vegetation;
Galletta, Greasewood and Pinion pine surround the proposed site.
Wildlife;
Adjacent habitat contains forbs that may be suitable browse for deer, antelope, prairie dogs or rabbits, though none were observed. Location supports habitat for wildlife. DWR determined ecosystem is critical habitat for wintering deer and elk.

**Soil Type and Characteristics**

silty sands with clastic shale alluvium.

RECEIVED: October 09, 2012

**Erosion Issues** Y

This location is on top of a ridge with existing erosion present

**Sedimentation Issues** Y

**Site Stability Issues** N

**Drainage Diverson Required?** N

**Berm Required?** Y

**Erosion Sedimentation Control Required?** Y

Methods ( BMP's) on most sides needed to protect very steep slopes

**Paleo Survey Run?** Y **Paleo Potental Observed?** N **Cultural Survey Run?** Y **Cultural Resources?** N



## Reserve Pit

| Site-Specific Factors | | Site Ranking | |
|---|---|---|---|
| Distance to Groundwater (feet) | 100 to 200 | 5 | |
| Distance to Surface Water (feet) | 300 to 1000 | 2 | |
| Dist. Nearest Municipal Well (ft) | >5280 | 0 | |
| Distance to Other Wells (feet) | >1320 | 0 | |
| Native Soil Type | Mod permeability | 10 | |
| Fluid Type | Fresh Water | 5 | |
| Drill Cuttings | Normal Rock | 0 | |
| Annual Precipitation (inches) | | 0 | |
| Affected Populations | | | |
| Presence Nearby Utility Conduits | Not Present | 0 | |
| | **Final Score** | 22 | 1 Sensitivity Level |

**Characteristics / Requirements**

If used;
Pit to be dug to a depth of 8'. Because a spill or leak will have a direct path to surface water below from existing gully, pit underlayment is to be used to protect the liner from potential puncture. Pit should be fenced to prevent entry by deer, other wildlife and domestic animals. Pit to be closed within one year after drilling activities are complete.

Operator plans to use a closed loop system with a small cuttings pit.

**Closed Loop Mud Required?** N **Liner Required?** Y **Liner Thickness** 16 **Pit Underlayment Required?** N

## Other Observations / Comments

| Chris Jensen | 8/29/2012 |
|---|---|
| **Evaluator** | **Date / Time** |

RECEIVED: October 09, 2012

# Application for Permit to Drill
# Statement of Basis
## Utah Division of Oil, Gas and Mining

| APD No | API WellNo | Status | Well Type | Surf Owner | CBM |
|---|---|---|---|---|---|
| 6381 | 43013515840000 | LOCKED | OW | S | No |
| **Operator** | APPALOOSA OPERATING COMPANY LLC | | **Surface Owner-APD** | Utah Division of Wildlife Resources | |
| **Well Name** | Appaloosa 7-2-5-5 | | **Unit** | | |
| **Field** | WILDCAT | | **Type of Work** | DRILL | |
| **Location** | SWNE 2 5S 5W U 1963 FNL 1940 FEL GPS Coord (UTM) 550074E 4436484N | | | | |

**Geologic Statement of Basis**

Appaloosa proposes to set 350' of surface casing at this location. The base of the moderately saline water is estimated to be at 4,000 feet in this area. This location lies on the transition between the Uinta Formation and the Green River Formation. The Uinta Formation is not expected to produce prolific aquifers. Water may be found in alluvium deposited in valley floors. The proposed location is in a recharge area for the aquifers of the Green River Formation and fresh water can be expected to be found in the Green River Formation. A search of Division of Water Rights records indicates water wells within a 10,000 foot radius of the center of Section 2. Depths are 123 and 305 feet with listed uses as irrigation, stock watering and domestic. Production casing cement should be brought up to or above the base of the moderately saline ground water.



Brad Hill — 9/11/2012
**APD Evaluator** — **Date / Time**

**Surface Statement of Basis**

Operator has a surface agreement in place with DWR. I was made aware that some concessions were made. DWR has asked for a winter closure. Location is proposed in the best possible position within the spacing window. Access road enters the pad from the East.

The soil type and topography at present do combine to pose a threat to erosion or sediment/ pollution transport in these regional climate conditions. Construction standards of the Operator appear to be adequate for the proposed purpose. I recognize no special flora or animal species or cultural resources on site that the proposed action may harm though, this is excellent habitat for large game species. The location was surveyed previously for cultural and paleontological resources and an ESA consultation was initiated as the operator saw fit. DWR Representatives were invited and were in attendance for the pre-site inspection. DWR has asked ( written into the Surface use agreement) that no drilling or construction activities occur during the period of December 1, through April 15 as this is critical wintering habitat for large game species. The location should be bermed to prevent spills from leaving the confines of the pad. If used, fencing around a reserve pit will be necessary once the well is drilled to prevent wildlife and livestock from entering. A synthetic liner of 16 mils (minimum) should be utilized in the reserve pit. Operator has plans for a closed loop system with a small pit for drill cuttings in place of a reserve pit. Measures (BMP's) shall be taken to protect steep slopes from erosion, sedimentation and stability issues on all sides ,except the North, of pad as well as the top soil pile as it sits atop a ridge and can easily be washed away and lost.

RECEIVED: October 09, 2012

| Chris Jensen | 8/29/2012 |
|---|---|
| **Onsite Evaluator** | **Date / Time** |

**Conditions of Approval / Application for Permit to Drill**

| Category | Condition |
|---|---|
| Pits | A synthetic liner with a minimum thickness of 16 mils shall be properly installed and maintained in the reserve pit. |
| Surface | The reserve pit shall be fenced upon completion of drilling operations. |
| Surface | The well site shall be bermed to prevent fluids from leaving the pad. |
| Surface | Steep cut and fill slopes and topsoils pile to be protected from erosion and sediment transport by appropriate use of BMP's. |



RECEIVED: October 09, 2012

# WORKSHEET
# APPLICATION FOR PERMIT TO DRILL



**APD RECEIVED:** 7/18/2012
**API NO. ASSIGNED:** 43013515840000
**WELL NAME:** Appaloosa 7-2-5-5
**OPERATOR:** APPALOOSA OPERATING COMPANY LLC (N3845)
**PHONE NUMBER:** 307 675-6400
**CONTACT:** Shirl Ames

**PROPOSED LOCATION:** SWNE 02 050S 050W
**Permit Tech Review:** ☑

**SURFACE:** 1963 FNL 1940 FEL
**Engineering Review:** ☑

**BOTTOM:** 1963 FNL 1940 FEL
**Geology Review:** ☑

**COUNTY:** DUCHESNE
**LATITUDE:** 40.07713
**LONGITUDE:** -110.41271
**UTM SURF EASTINGS:** 550074.00
**NORTHINGS:** 4436484.00
**FIELD NAME:** WILDCAT
**LEASE TYPE:** 4 - Fee
**LEASE NUMBER:** Fee
**PROPOSED PRODUCING FORMATION(S):** UTELAND BUTTE
**SURFACE OWNER:** 3 - State
**COALBED METHANE:** NO

**RECEIVED AND/OR REVIEWED:**

- ☑ **PLAT**
- ☑ **Bond:** STATE - 0279605715
- ☐ **Potash**
- ☐ **Oil Shale 190-5**
- ☐ **Oil Shale 190-3**
- ☐ **Oil Shale 190-13**
- ☑ **Water Permit:** 492204
- ☑ **RDCC Review:** 2012-10-09 00:00:00.0
- ☐ **Fee Surface Agreement**
- ☐ **Intent to Commingle**

**Commingling Approved**

**LOCATION AND SITING:**

- ☐ **R649-2-3.**

**Unit:**

- ☐ **R649-3-2. General**
- ☐ **R649-3-3. Exception**
- ☑ **Drilling Unit**

**Board Cause No:** R649-3-2
**Effective Date:**
**Siting:**

- ☐ **R649-3-11. Directional Drill**

**Comments:** Presite Completed

**Stipulations:**
5 - Statement of Basis - bhill
12 - Cement Volume (3) - ddoucet
21 - RDCC - dmason
23 - Spacing - dmason
25 - Surface Casing - hmacdonald

RECEIVED: October 09, 2012

GARY R. HERBERT
*Governor*
GREGORY S. BELL
*Lieutenant Governor*

# State of Utah
**DEPARTMENT OF NATURAL RESOURCES**
MICHAEL R. STYLER
*Executive Director*
**Division of Oil, Gas and Mining**
JOHN R. BAZA
*Division Director*

# Permit To Drill
**********

**Well Name:** Appaloosa 7-2-5-5
**API Well Number:** 43013515840000
**Lease Number:** Fee
**Surface Owner:** STATE
**Approval Date:** 10/9/2012

**Issued to:**
APPALOOSA OPERATING COMPANY LLC, 1776 Woodstead Ct., Suite 121, The Woodlands, TX 77380

**Authority:**
Pursuant to Utah Code Ann. 40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of R649-3-2. The expected producing formation or pool is the UTELAND BUTTE Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

**Duration:**
This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date

**General:**
Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

**Conditions of Approval:**
The Application for Permit to Drill has been forwarded to the Resource Development Coordinating Committee for review of this action. The operator will be required to comply with any applicable recommendations resulting from this review. (See attached)

This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the “Board”). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing

a Request for Agency Action with the Board.

Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis (copy attached).

Cement volume for the 5 1/2" production string shall be determined from actual hole diameter in order to place cement from the pipe setting depth back to surface as indicated in the submitted drilling plan.

Surface casing shall be cemented to the surface.

**Additional Approvals:**
The operator is required to obtain approval from the Division of Oil, Gas and mining before performing any of the following actions during the drilling of this well:

- Any changes to the approved drilling plan - contact Dustin Doucet
- Significant plug back of the well - contact Dustin Doucet
- Plug and abandonment of the well - contact Dustin Doucet

**Notification Requirements:**
The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- Within 24 hours following the spudding of the well - contact Carol Daniels
  OR
  submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website
  at http://oilgas.ogm.utah.gov
- 24 hours prior to testing blowout prevention equipment - contact Dan Jarvis
- 24 hours prior to cementing or testing casing - contact Dan Jarvis
- Within 24 hours of making any emergency changes to the approved drilling program
  - contact Dustin Doucet
- 24 hours prior to commencing operations to plug and abandon the well - contact Dan Jarvis

**Contact Information:**
The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voicemail message if the person is not available to take the call):

- Carol Daniels 801-538-5284 - office
- Dustin Doucet 801-538-5281 - office
  801-733-0983 - after office hours
- Dan Jarvis 801-538-5338 - office
  801-231-8956 - after office hours

**Reporting Requirements:**
All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) - due within 5 days of spudding the well
- Monthly Status Report (Form 9) - due by 5th day of the following calendar month

• Requests to Change Plans (Form 9) - due prior to implementation
• Written Notice of Emergency Changes (Form 9) - due within 5 days
• Notice of Operations Suspension or Resumption (Form 9) - due prior to implementation
• Report of Water Encountered (Form 7) - due within 30 days after completion
• Well Completion Report (Form 8) - due within 30 days after completion or plugging

**Approved By:**

For John Rogers
Associate Director, Oil & Gas

# STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

FORM 9

**5.LEASE DESIGNATION AND SERIAL NUMBER:** Fee

## SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

**6. IF INDIAN, ALLOTTEE OR TRIBE NAME:**

**7.UNIT or CA AGREEMENT NAME:**

**1. TYPE OF WELL**
Oil Well

**8. WELL NAME and NUMBER:**
APPALOSSA 7-2-5-5

**2. NAME OF OPERATOR:**
APPALOOSA OPERATING COMPANY LLC

**9. API NUMBER:**
43013515840000

**3. ADDRESS OF OPERATOR:**
1776 Woodstead Ct., Suite 121 , The Woodlands, TX, 77380

**PHONE NUMBER:**
832 419-0889 Ext

**9. FIELD and POOL or WILDCAT:**
WILDCAT

**4. LOCATION OF WELL**
**FOOTAGES AT SURFACE:**
1963 FNL 1940 FEL
**QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:**
Qtr/Qtr: SWNE Section: 02 Township: 05.0S Range: 05.0W Meridian: U

**COUNTY:**
DUCHESNE

**STATE:**
UTAH

**11.**
CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|---|---|---|---|
| ✓ NOTICE OF INTENT<br>Approximate date work will start:<br>4/15/2013 | ☐ ACIDIZE | ☐ ALTER CASING | ☐ CASING REPAIR |
| | ☐ CHANGE TO PREVIOUS PLANS | ☐ CHANGE TUBING | ☐ CHANGE WELL NAME |
| | ☐ CHANGE WELL STATUS | ✓ COMMINGLE PRODUCING FORMATIONS | ☐ CONVERT WELL TYPE |
| ☐ SUBSEQUENT REPORT<br>Date of Work Completion: | ☐ DEEPEN | ☐ FRACTURE TREAT | ☐ NEW CONSTRUCTION |
| | ☐ OPERATOR CHANGE | ☐ PLUG AND ABANDON | ☐ PLUG BACK |
| | ☐ PRODUCTION START OR RESUME | ☐ RECLAMATION OF WELL SITE | ☐ RECOMPLETE DIFFERENT FORMATION |
| ☐ SPUD REPORT<br>Date of Spud: | ☐ REPERFORATE CURRENT FORMATION | ☐ SIDETRACK TO REPAIR WELL | ☐ TEMPORARY ABANDON |
| | ☐ TUBING REPAIR | ☐ VENT OR FLARE | ☐ WATER DISPOSAL |
| ☐ DRILLING REPORT<br>Report Date: | ☐ WATER SHUTOFF | ☐ SI TA STATUS EXTENSION | ☐ APD EXTENSION |
| | ☐ WILDCAT WELL DETERMINATION | ☐ OTHER | OTHER: |

**12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.**

Appaloosa intends to commingle production from both the Green River and Wasatch formations in this well

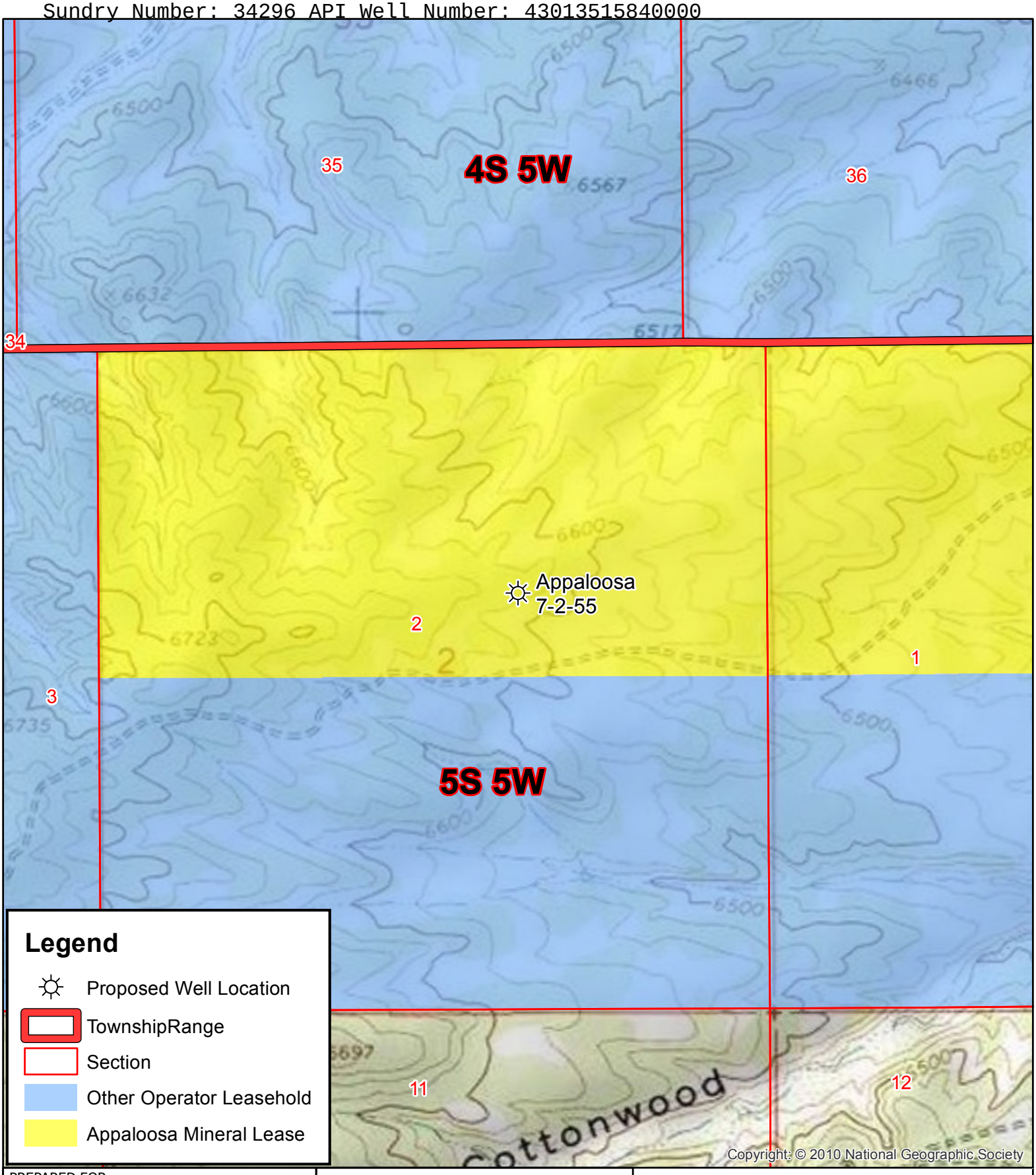
**Approved by the Utah Division of Oil, Gas and Mining**

**Date:** February 26, 2013

**By:** Dark K Quist

| NAME (PLEASE PRINT) | PHONE NUMBER | TITLE |
|---|---|---|
| Shirl Ames | 307 675-6400 | Document Control Specialist |
| **SIGNATURE** | | **DATE** |
| N/A | | 2/4/2013 |

RECEIVED: Feb. 04, 2013




PREPARED FOR:

APPALOOSA ENERGY LLC

CREATED BY:

WOOD GROUP PSN

N

APPALOOSA ENERGY

Appaloosa 7-2-55
SEC. 2, T5S, R5W
Duchesene County, UT

DRAWN BY: MANNY RODRIGUEZ
DATE: 02/01/2013
SCALE: 1 inch = 1,000 feet

MINERAL LEASE MAP

SHEET
A

RECEIVED: Feb. 04, 2013

APPALOOSA ENERGY LLC

1776 Woodstead Ct, Suite 121
The Woodlands, TX 77380

January 30, 2013

Berry Petroleum Company
1999 Broadway, Ste. 3700
Denver, CO 802202

Attn: Dennis Gustafson

Re: Notice to Commingle Production
Appaloosa 9-12D-5-5, Appaloosa 16-12D-5-5, Appaloosa 7-2-5-5, WPS 5-1-5-5 and Smith 11A-7-5-4
Cottonwood Canyon Area
Duchesne County, Utah

Gentlemen,

Appaloosa Operating Company LLC ("Appaloosa") is submitting an Application to Commingle from the Wasatch and Green River formations in the referenced wells. In accordance with Utah Administration Rule R649-3-22 relative to completion into two or more pools, Appaloosa is hereby providing written notice to Berry Petroleum Company of the submission. Please see enclosed copies of the Application to Commingle for each of the referenced wells.

Feel free to contact Brad Posey at 832-418-0889 with any questions.

Sincerely,

Brad Posey
Managing Director

W/Enclosures

**AFFIDAVIT OF NOTICE**

I, **Brad Posey**, the affiant herein, being of lawful age and duly sworn upon his oath deposes and states as follows:

Brad Posey is a Managing Director of **Appaloosa Operating Company, LLC,** a Delaware Corporation, with headquarters located at 1776 Woodstead Court, Suite 121, The Woodlands, TX 77380, and is duly authorized to make this affidavit on behalf of said corporation.

Appaloosa Operating Company, LLC has submitted notices to commingle production from the Wasatch and Green River formations in the following wells lying within the Lease boundaries of the:

**Appaloosa 9-12D-5-5**
**Appaloosa 16-12D-5-5**
**WPS 5-1-5-5**
**Appaloosa 7-2-5-5**
**Smith 11A-7-5-4**

This Affidavit is made in accordance with Utah's Oil, Gas and Mining regulation R649-3-22. As operator, Appaloosa Operating Company LLC has provided notices to the owner(s) of all contiguous oil and gas leases or drilling units overlying the pool for the aforementioned wells to the parties listed below:

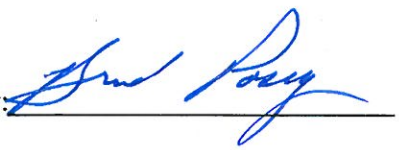
Ute Energy Upstream Holding, L.L.C.
P.O. Box 789
7074 East 900 South
Fort Duchesne, Utah 84026

Berry Petroleum Company
1999 Broadway, Suite 3700
Denver, CO 802202

Attn: Dennis Gustafson

This instrument is executed this 30th day of January, 2013.

Appaloosa Operating Company, LLC

By: 

APPALOOSA ENERGY LLC

1776 Woodstead Ct, Suite 121
The Woodlands, TX 77380

January 30, 2013

Ute Energy Upstream Holding, L.L.C.
P.O. Box 789
7074 East 900 South
Fort Duchesne, Utah 84026

Re: Notice to Commingle Production
Appaloosa 9-12D-5-5, Appaloosa 16-12D-5-5, Appaloosa 7-2-5-5, WPS 5-1-5-5 and Smith 11A-7-5-4
Cottonwood Canyon Area
Duchesne County, Utah

Gentlemen,

Appaloosa Operating Company LLC ("Appaloosa") is submitting an Application to Commingle from the Wasatch and Green River formations in the referenced wells. In accordance with Utah Administration Rule R649-3-22 relative to completion into two or more pools, Appaloosa is hereby providing written notice to Berry Petroleum Company of the submission. Please see enclosed copies of the Application to Commingle for each of the referenced wells.

Feel free to contact Brad Posey at 832-418-0889 with any questions.

Sincerely,

Brad Posey
Managing Director

W/Enclosures

**AFFIDAVIT OF NOTICE**

I, **Brad Posey**, the affiant herein, being of lawful age and duly sworn upon his oath deposes and states as follows:

Brad Posey is a Managing Director of **Appaloosa Operating Company, LLC,** a Delaware Corporation, with headquarters located at 1776 Woodstead Court, Suite 121, The Woodlands, TX 77380, and is duly authorized to make this affidavit on behalf of said corporation.

Appaloosa Operating Company, LLC has submitted notices to commingle production from the Wasatch and Green River formations in the following wells lying within the Lease boundaries of the:

**Appaloosa 9-12D-5-5**
**Appaloosa 16-12D-5-5**
**WPS 5-1-5-5**
**Appaloosa 7-2-5-5**
**Smith 11A-7-5-4**

This Affidavit is made in accordance with Utah's Oil, Gas and Mining regulation R649-3-22. As operator, Appaloosa Operating Company LLC has provided notices to the owner(s) of all contiguous oil and gas leases or drilling units overlying the pool for the aforementioned wells to the parties listed below:

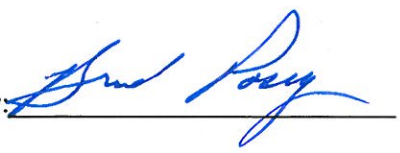
Ute Energy Upstream Holding, L.L.C.
P.O. Box 789
7074 East 900 South
Fort Duchesne, Utah 84026

Berry Petroleum Company
1999 Broadway, Suite 3700
Denver, CO 802202

Attn: Dennis Gustafson

This instrument is executed this 30th day of January, 2013.

Appaloosa Operating Company, LLC

By: 

# STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

FORM 9

## SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

**5.LEASE DESIGNATION AND SERIAL NUMBER:** Fee

**6. IF INDIAN, ALLOTTEE OR TRIBE NAME:**

**7.UNIT or CA AGREEMENT NAME:**

**1. TYPE OF WELL**
Oil Well

**8. WELL NAME and NUMBER:**
APPALOSSA 7-2-5-5

**2. NAME OF OPERATOR:**
APPALOOSA OPERATING COMPANY LLC

**9. API NUMBER:**
43013515840000

**3. ADDRESS OF OPERATOR:**
1776 Woodstead Ct., Suite 121 , The Woodlands, TX, 77380

**PHONE NUMBER:**
832 419-0889 Ext

**9. FIELD and POOL or WILDCAT:**
WILDCAT

**4. LOCATION OF WELL**
**FOOTAGES AT SURFACE:**
1963 FNL 1940 FEL
**QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:**
Qtr/Qtr: SWNE Section: 02 Township: 05.0S Range: 05.0W Meridian: U

**COUNTY:**
DUCHESNE

**STATE:**
UTAH

**11.**
CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|---|---|---|---|
| ☐ NOTICE OF INTENT<br>Approximate date work will start: | ☐ ACIDIZE | ☐ ALTER CASING | ☐ CASING REPAIR |
| ☐ SUBSEQUENT REPORT<br>Date of Work Completion: | ☐ CHANGE TO PREVIOUS PLANS | ☐ CHANGE TUBING | ☐ CHANGE WELL NAME |
| | ☐ CHANGE WELL STATUS | ☐ COMMINGLE PRODUCING FORMATIONS | ☐ CONVERT WELL TYPE |
| | ☐ DEEPEN | ☐ FRACTURE TREAT | ☐ NEW CONSTRUCTION |
| | ☐ OPERATOR CHANGE | ☐ PLUG AND ABANDON | ☐ PLUG BACK |
| ✓ SPUD REPORT<br>Date of Spud:<br>5/8/2013 | ☐ PRODUCTION START OR RESUME | ☐ RECLAMATION OF WELL SITE | ☐ RECOMPLETE DIFFERENT FORMATION |
| | ☐ REPERFORATE CURRENT FORMATION | ☐ SIDETRACK TO REPAIR WELL | ☐ TEMPORARY ABANDON |
| | ☐ TUBING REPAIR | ☐ VENT OR FLARE | ☐ WATER DISPOSAL |
| ☐ DRILLING REPORT<br>Report Date: | ☐ WATER SHUTOFF | ☐ SI TA STATUS EXTENSION | ☐ APD EXTENSION |
| | ☐ WILDCAT WELL DETERMINATION | ☐ OTHER | OTHER: |

**12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.**

05/08/13 Leon Ruoss Drilling, T.D 300', move in air rig, rigup drilling surface hole, drill & set 10' of 14" conductor, air drill 12 1/4 hole to 300', shut down for night, spud well @ 1:30 P.M., 05/09/13 t.d 750', ft' 450', cement surface casing, drill F/300' T/750', clean hole laydown DP, BHA, run 8 5/8 surface casing T/717' ft., rigup Halliburton cement surface w/full returns. 05/10/13 750' T.D, drill rat & mouse hole release rig.05/11/13 casing equipment, guide shoe 1-jpoint w/centralizer & lock ring float collar, 18 joints 8 5/8 24# j-55 casing w/9centralizers on every other joint. Pump 20 bbls, gel water pump 445 sks Halcem @ 15.8# 1.16 Y 4.98 Gps 92 bbls drop plug pump displacement 43 bbls with good returns 45 bbls of cement to surface bump plug & pressure up to 626 psi hold for 10 min., flow back 1/4 bbl, float was leaking re pressure up close in cement head leave over night.

**Accepted by the Utah Division of Oil, Gas and Mining**
**FOR RECORD ONLY**
May 13, 2013

| NAME (PLEASE PRINT) | PHONE NUMBER | TITLE |
|---|---|---|
| Shirl Ames | 307 675-6400 | Document Control Specialist |
| **SIGNATURE** | | **DATE** |
| N/A | | 5/13/2013 |

RECEIVED: May. 13, 2013

**STATE OF UTAH**
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

**FORM 9**

**5.LEASE DESIGNATION AND SERIAL NUMBER:**
Fee

## SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

**6. IF INDIAN, ALLOTTEE OR TRIBE NAME:**

**7.UNIT or CA AGREEMENT NAME:**

**1. TYPE OF WELL**
Oil Well

**8. WELL NAME and NUMBER:**
APPALOSSA 7-2-5-5

**2. NAME OF OPERATOR:**
APPALOOSA OPERATING COMPANY LLC

**9. API NUMBER:**
43013515840000

**3. ADDRESS OF OPERATOR:**
1776 Woodstead Ct., Suite 121 , The Woodlands, TX, 77380

**PHONE NUMBER:**
832 419-0889 Ext

**9. FIELD and POOL or WILDCAT:**
WILDCAT

**4. LOCATION OF WELL**
**FOOTAGES AT SURFACE:**
1963 FNL 1940 FEL
**QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:**
Qtr/Qtr: SWNE Section: 02 Township: 05.0S Range: 05.0W Meridian: U

**COUNTY:**
DUCHESNE

**STATE:**
UTAH

**11.**
CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|---|---|---|---|
| ☐ NOTICE OF INTENT<br>Approximate date work will start: | ☐ ACIDIZE | ☐ ALTER CASING | ☐ CASING REPAIR |
| ☑ SUBSEQUENT REPORT<br>Date of Work Completion:<br>5/10/2013 | ☐ CHANGE TO PREVIOUS PLANS | ☐ CHANGE TUBING | ☐ CHANGE WELL NAME |
| ☐ SPUD REPORT<br>Date of Spud: | ☐ CHANGE WELL STATUS | ☐ COMMINGLE PRODUCING FORMATIONS | ☐ CONVERT WELL TYPE |
| ☐ DRILLING REPORT<br>Report Date: | ☐ DEEPEN | ☐ FRACTURE TREAT | ☐ NEW CONSTRUCTION |
| | ☐ OPERATOR CHANGE | ☐ PLUG AND ABANDON | ☐ PLUG BACK |
| | ☐ PRODUCTION START OR RESUME | ☐ RECLAMATION OF WELL SITE | ☐ RECOMPLETE DIFFERENT FORMATION |
| | ☐ REPERFORATE CURRENT FORMATION | ☐ SIDETRACK TO REPAIR WELL | ☐ TEMPORARY ABANDON |
| | ☐ TUBING REPAIR | ☐ VENT OR FLARE | ☐ WATER DISPOSAL |
| | ☐ WATER SHUTOFF | ☐ SI TA STATUS EXTENSION | ☐ APD EXTENSION |
| | ☐ WILDCAT WELL DETERMINATION | ☑ OTHER | OTHER: Dry Spud |

**12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.**

Upon completing the surface casing operations on the Appaloosa 7-2-5-5 well, no water was found

**Accepted by the**
**Utah Division of**
**Oil, Gas and Mining**
**FOR RECORD ONLY**
May 30, 2013

| NAME (PLEASE PRINT) | PHONE NUMBER | TITLE |
|---|---|---|
| Shirl Ames | 307 675-6400 | Document Control Specialist |
| **SIGNATURE** | | **DATE** |
| N/A | | 5/16/2013 |

RECEIVED: May. 16, 2013

API Well Number: 43013515840000 CONFIDENTIAL

**STATE OF UTAH**
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT ☐ (highlight changes) FORM 8

# WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL ☑ GAS WELL ☐ DRY ☐ OTHER

b. TYPE OF WORK: NEW WELL ☑ HORIZ. LATS. ☐ DEEP-EN ☐ RE-ENTRY ☐ DIFF. RESVR. ☐ OTHER

2. NAME OF OPERATOR: Appaloosa Operating Co.

3. ADDRESS OF OPERATOR: 1776 Woodstead Ct., Su CITY The Woodlands STATE TX ZIP 77380

PHONE NUMBER: (281) 795-6427

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 1963' FNL & 1940 FEL (SW/NE)
AT TOP PRODUCING INTERVAL REPORTED BELOW: 1968' FNL & 1954 FEL (SW/NE)
AT TOTAL DEPTH: 1992' FNL & 1967 FEL (SW/NE)

5. LEASE DESIGNATION AND SERIAL NUMBER:

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER: Appaloosa 7-2-5-5

9. API NUMBER: 4301351584

10 FIELD AND POOL, OR WILDCAT: Brundage Canyon

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 2 5S 5W

12. COUNTY: Duchesne

13. STATE: UTAH

14. DATE SPUDDED: 5/8/2013

15. DATE T.D. REACHED: 5/28/2013

16. DATE COMPLETED: 8/15/2013 ABANDONED ☐ READY TO PRODUCE ☑

17. ELEVATIONS (DF, RKB, RT, GL): 6627.5' GL, 6644.5' KB

18. TOTAL DEPTH: MD 7,015 TVD 7,014

19. PLUG BACK T.D.: MD 6,963 TVD 6,962

20. IF MULTIPLE COMPLETIONS, HOW MANY? *

21. DEPTH BRIDGE PLUG SET: MD TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
COMP. DENSITY/COMP. NEUTRON/GR
DUAL GUARD LOG/GR CEMENT BOND GR/CCL

23.
WAS WELL CORED? NO ☑ YES ☐ (Submit analysis)
WAS DST RUN? NO ☑ YES ☐ (Submit report)
DIRECTIONAL SURVEY? NO ☐ YES ☑ (Submit copy)

**24. CASING AND LINER RECORD (Report all strings set in well)**

| HOLE SIZE | SIZE/GRADE | WEIGHT (#/ft.) | TOP (MD) | BOTTOM (MD) | STAGE CEMENTER DEPTH | CEMENT TYPE & NO. OF SACKS | SLURRY VOLUME (BBL) | CEMENT TOP ** | AMOUNT PULLED |
|---|---|---|---|---|---|---|---|---|---|
| 12.25 | 8.625 J-55 | 24 | 0 | 717 | | G 445 | | surface | |
| 7.875 | 5.5 J-55 | 15.5 | 0 | 7,014 | | 11.0 p 290 | | surface | |
| | | | | | | 14.2 p 900 | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

**25. TUBING RECORD**

| SIZE | DEPTH SET (MD) | PACKER SET (MD) | SIZE | DEPTH SET (MD) | PACKER SET (MD) | SIZE | DEPTH SET (MD) | PACKER SET (MD) |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |

**26. PRODUCING INTERVALS**

| FORMATION NAME | TOP (MD) | BOTTOM (MD) | TOP (TVD) | BOTTOM (TVD) |
|---|---|---|---|---|
| (A) Garden Gulch | 4,282 | 4,473 | | |
| (B) Upr Douglas Cre | 4,746 | 4,937 | | |
| (C) Lwr Douglas Cre | 5,153 | 5,355 | | |
| (D) Castle Peak | 5,757 | 6,051 | | |

**27. PERFORATION RECORD**

| INTERVAL (Top/Bot - MD) | | SIZE | NO. HOLES | PERFORATION STATUS |
|---|---|---|---|---|
| 4,282 | 4,473 | .34 | 192 | Open ☑ Squeezed ☐ |
| 4,746 | 4,937 | .43 | 129 | Open ☑ Squeezed ☐ |
| 5,153 | 5,355 | .43 | 96 | Open ☑ Squeezed ☐ |
| 5,757 | 6,051 | .43 | 189 | Open ☑ Squeezed ☐ |

**28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.**

WAS WELL HYDRAULICALLY FRACTURED? YES ☑ NO ☐ IF YES -- DATE FRACTURED: 7/9/2013

| DEPTH INTERVAL | AMOUNT AND TYPE OF MATERIAL |
|---|---|
| 4282-6900 | Frac w/ 529,720# of 20/40 white sand + 11,428 bbls 7% KCl + 666 bbls 15% HCl acid in 7 stages |
| | |
| | |

**29. ENCLOSED ATTACHMENTS:**

☑ ELECTRICAL/MECHANICAL LOGS ☐ GEOLOGIC REPORT ☐ DST REPORT ☑ DIRECTIONAL SURVEY
☐ SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION ☐ CORE ANALYSIS ☐ OTHER:

**30. WELL STATUS:** Prod

(5/2013) **(CONTINUED ON BACK)**

RECEIVED: Sep. 20, 2013

API Well Number: 43013515840000 CONFIDENTIAL

**31. INITIAL PRODUCTION**

**INTERVAL A (As shown in item #26)**

| DATE FIRST PRODUCED: | TEST DATE: | HOURS TESTED: | TEST PRODUCTION RATES: → | OIL – BBL: | GAS – MCF: | WATER – BBL: | PROD. METHOD: |
|---|---|---|---|---|---|---|---|
| 8/15/2013 | 8/15/2013 | 24 | | 275 | 159 | 885 | Pump |

| CHOKE SIZE: | TBG. PRESS. | CSG. PRESS. | API GRAVITY | BTU – GAS | GAS/OIL RATIO | 24 HR PRODUCTION RATES: → | OIL – BBL: | GAS – MCF: | WATER – BBL: | INTERVAL STATUS: |
|---|---|---|---|---|---|---|---|---|---|---|
| | 15 | 120 | | | | | | | | |

**INTERVAL B (As shown in item #26)**

| DATE FIRST PRODUCED: | TEST DATE: | HOURS TESTED: | TEST PRODUCTION RATES: → | OIL – BBL: | GAS – MCF: | WATER – BBL: | PROD. METHOD: |
|---|---|---|---|---|---|---|---|
| | | | | | | | |

| CHOKE SIZE: | TBG. PRESS. | CSG. PRESS. | API GRAVITY | BTU – GAS | GAS/OIL RATIO | 24 HR PRODUCTION RATES: → | OIL – BBL: | GAS – MCF: | WATER – BBL: | INTERVAL STATUS: |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | |

**INTERVAL C (As shown in item #26)**

| DATE FIRST PRODUCED: | TEST DATE: | HOURS TESTED: | TEST PRODUCTION RATES: → | OIL – BBL: | GAS – MCF: | WATER – BBL: | PROD. METHOD: |
|---|---|---|---|---|---|---|---|
| | | | | | | | |

| CHOKE SIZE: | TBG. PRESS. | CSG. PRESS. | API GRAVITY | BTU – GAS | GAS/OIL RATIO | 24 HR PRODUCTION RATES: → | OIL – BBL: | GAS – MCF: | WATER – BBL: | INTERVAL STATUS: |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | |

**INTERVAL D (As shown in item #26)**

| DATE FIRST PRODUCED: | TEST DATE: | HOURS TESTED: | TEST PRODUCTION RATES: → | OIL – BBL: | GAS – MCF: | WATER – BBL: | PROD. METHOD: |
|---|---|---|---|---|---|---|---|
| | | | | | | | |

| CHOKE SIZE: | TBG. PRESS. | CSG. PRESS. | API GRAVITY | BTU – GAS | GAS/OIL RATIO | 24 HR PRODUCTION RATES: → | OIL – BBL: | GAS – MCF: | WATER – BBL: | INTERVAL STATUS: |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | |

**32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)**

**33. SUMMARY OF POROUS ZONES (Include Aquifers):**

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

**34. FORMATION (Log) MARKERS:**

| Formation | Top (MD) | Bottom (MD) | Descriptions, Contents, etc. | Name | Top (Measured Depth) |
|---|---|---|---|---|---|
| | | | | Green River | 2,150 |
| | | | | Mahogany | 2,827 |
| | | | | Garden Gulch | 3,654 |
| | | | | Douglas Creek | 4,709 |
| | | | | Castle Peak | 5,638 |
| | | | | Uteland Butte | 6,040 |
| | | | | Wasatch | 6,450 |

**35. ADDITIONAL REMARKS (Include plugging procedure)**

**36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.**

NAME (PLEASE PRINT) Terrie Hoye TITLE Sr. Geotech

SIGNATURE DATE 9/20/2013

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top – Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

(5/2013)

RECEIVED: Sep. 20, 2013

CONFIDENTIAL

Additional Information for Appaloosa 7-2-5-5

26. Additional Producing Intervals

| Formation | Top (MD) | Bottom (MD) | Top (TVD) | Bottom (TVD) |
|---|---|---|---|---|
| Uteland Butte | 6107 | 6395 | | |
| Wasatch | 6434 | 6657 | | |
| Wasatch | 6811 | 6900 | | |

27. Additional Perforation Records

| Interval | | Hole Size | No. Holes | Status |
|---|---|---|---|---|
| 6107 | 6395 | 0.43 | 237 | Open |
| 6434 | 6657 | 0.43 | 132 | Open |
| 6811 | 6900 | 0.43 | 57 | Open |

RECEIVED: Sep. 20, 2013

API Well Number: 43013515840000

Sharewell Energy Services

# Survey Certification Sheet

**Report Date: 6-12-13**

**Sharewell Job #: 20130515 / Vertical**

**Operator:** **Appaloosa**
**Well Name:** **7-2-5-5**
**Field:** **Wildcat**
**API#:** **43-013-51584**
**County/State:** **Duchesne Co, UT**
**Well SHL:** **1963' FNL & 1940' FEL Sec.2-T5S-R5W**
**Well SHL:** **40° 04' 37.84" N (NAD27)**
**110° 24' 43.52" W (NAD27)**

**Drilling Rig : Frontier 2 (RKB: 24')**

---

Surveyed Dates: 5/23/13-5/28/13
Surveyed from a depth of: OH: 740.00' MD to 6444.00' MD

Type of Survey: MWD Surveys (STB=50')

The data and calculations for this survey have been checked by me and conform to the calibration standards and operational procedures set forth by Sharewell Energy Services. I am authorized and qualified to review the data, calculations and this report, and that the report represents a true and correct Directional Survey of this well based on the original data corrected to True North and obtained at the well site. Wellbore Coordinates are calculated using minimum curvature method.

*Rolando Garza*

Sharewell Energy Services - Well Planner

15151 SOMMERMEYER ST. HOUSTON, TX 77041
OFFICE 713.983.9818

RECEIVED: Sep. 20, 2013

API Well Number: 43013515840000

CONFIDENTIAL

# Appaloosa

**Duchesne Co, UT**
**WPS 7-2-5-5**
**WPS 7-2-5-5**

**OH**

**Design: OH**

# Standard Survey Report

**28 May, 2013**

Sharewell Energy Services

RECEIVED: Sep. 20, 2013

API Well Number: 43013515840000

# Appaloosa

Project: Duchesne Co, UT
Site: WPS 7-2-5-5
Well: WPS 7-2-5-5
Wellbore: OH
Design: OH
Latitude: 40° 4' 37.84 N
Longitude: 110° 24' 43.52 W
Ground Level: 6390.00
RKB:24' @ 6414.00ft (Frontier 2)

Sharewell Energy Services

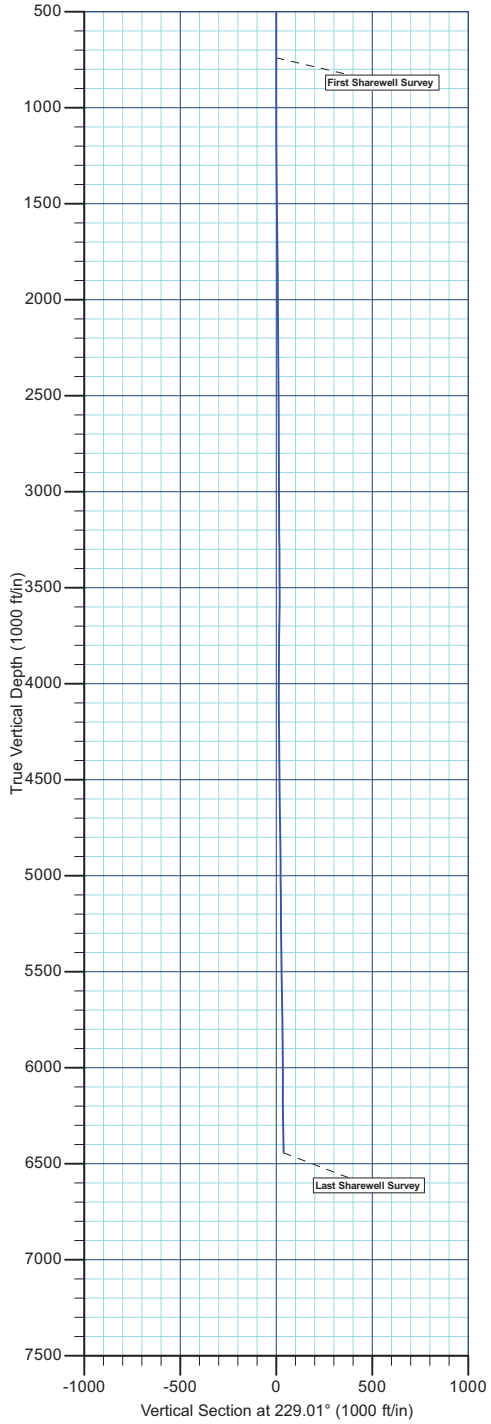
| PROJECT DETAILS: Duchesne Co, UT |
|---|
| Geodetic System: US State Plane 1927 (Exact solution) |
| Datum: NAD 1927 (NADCON CONUS) |
| Ellipsoid: Clarke 1866 |
| Zone: Utah Central 4302 |
| System Datum: Mean Sea Level |

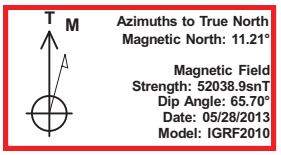
| REFERENCE INFORMATION |
|---|
| Co-ordinate (N/E) Reference: Well WPS 7-2-5-5, True North |
| Vertical (TVD) Reference: RKB:24' @ 6414.00ft (Frontier 2) |
| Section (VS) Reference: Slot - (0.00N, 0.00E) |
| Measured Depth Reference: RKB:24' @ 6414.00ft (Frontier 2) |
| Calculation Method: Minimum Curvature |

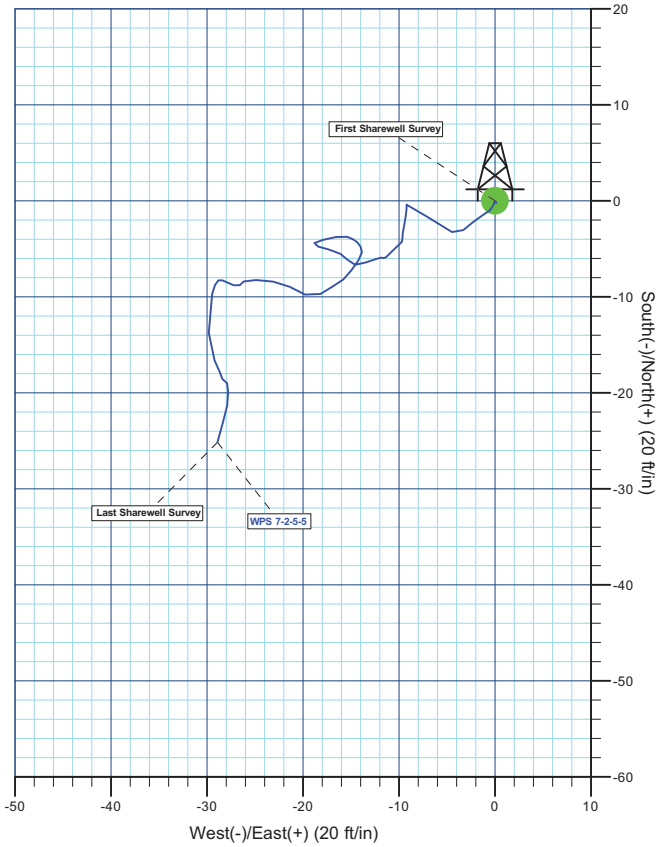
WELL DETAILS: WPS 7-2-5-5

Ground Level: 6390.00

| +N/-S | +E/-W | Northing | Easting | Latittude | Longitude | Slot |
|---|---|---|---|---|---|---|
| 0.00 | 0.00 | 637008.17 | 2304421.59 | 40° 4' 37.84 N | 110° 24' 43.52 W | |




| Design: OH (WPS 7-2-5-5/OH) | |
|---|---|
| Created By: Rolando Garza | Date: 1:57, May 28 2013 |

RECEIVED: Sep 28, 2013

# Sharewell
Survey Report

Sharewell Energy Services

| | | | |
|---|---|---|---|
| **Company:** | Appaloosa | **Local Co-ordinate Reference:** | Well WPS 7-2-5-5 |
| **Project:** | Duchesne Co, UT | **TVD Reference:** | RKB:24' @ 6414.00ft (Frontier 2) |
| **Site:** | WPS 7-2-5-5 | **MD Reference:** | RKB:24' @ 6414.00ft (Frontier 2) |
| **Well:** | WPS 7-2-5-5 | **North Reference:** | True |
| **Wellbore:** | OH | **Survey Calculation Method:** | Minimum Curvature |
| **Design:** | OH | **Database:** | CompassVM |

**Project** Duchesne Co, UT

| | | | |
|---|---|---|---|
| **Map System:** | US State Plane 1927 (Exact solution) | **System Datum:** | Mean Sea Level |
| **Geo Datum:** | NAD 1927 (NADCON CONUS) | | |
| **Map Zone:** | Utah Central 4302 | | |

**Site** WPS 7-2-5-5

| | | | | | |
|---|---|---|---|---|---|
| **Site Position:** | | **Northing:** | 637,008.18 usft | **Latitude:** | 40° 4' 37.84 N |
| **From:** | Lat/Long | **Easting:** | 2,304,421.59 usft | **Longitude:** | 110° 24' 43.52 W |
| **Position Uncertainty:** | 0.00 ft | **Slot Radius:** | 1.10 ft | **Grid Convergence:** | 0.70 ° |

**Well** WPS 7-2-5-5

| | | | | | | |
|---|---|---|---|---|---|---|
| **Well Position** | **+N/-S** | 0.00 ft | **Northing:** | 637,008.17 usft | **Latitude:** | 40° 4' 37.84 N |
| | **+E/-W** | 0.00 ft | **Easting:** | 2,304,421.59 usft | **Longitude:** | 110° 24' 43.52 W |
| **Position Uncertainty** | | 0.00 ft | **Wellhead Elevation:** | ft | **Ground Level:** | 6,390.00 ft |

**Wellbore** OH

| Magnetics | Model Name | Sample Date | Declination (°) | Dip Angle (°) | Field Strength (nT) |
|---|---|---|---|---|---|
| | IGRF2010 | 05/28/13 | 11.21 | 65.70 | 52,039 |

**Design** OH

**Audit Notes:**

| | | | | | |
|---|---|---|---|---|---|
| **Version:** | 1.0 | **Phase:** | ACTUAL | **Tie On Depth:** | 0.00 |

| Vertical Section: | Depth From (TVD) (ft) | +N/-S (ft) | +E/-W (ft) | Direction (°) |
|---|---|---|---|---|
| | 0.00 | 0.00 | 0.00 | 229.01 |

**Survey Program** **Date** 05/28/13

| From (ft) | To (ft) | Survey (Wellbore) | Tool Name | Description |
|---|---|---|---|---|
| 740.00 | 6,444.00 | OH (OH) | MWD | MWD - Standard |

**Survey**

| Measured Depth (ft) | Inclination (°) | Azimuth (°) | Vertical Depth (ft) | +N/-S (ft) | +E/-W (ft) | Vertical Section (ft) | Dogleg Rate (°/100ft) | Build Rate (°/100ft) | Turn Rate (°/100ft) |
|---|---|---|---|---|---|---|---|---|---|
| 0.00 | 0.000 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 740.00 | 0.000 | 0.00 | 740.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **First Sharewell Survey** | | | | | | | | | |
| 844.00 | 0.200 | 142.80 | 844.00 | -0.14 | 0.11 | 0.01 | 0.19 | 0.19 | 0.00 |
| 939.00 | 0.100 | 321.50 | 939.00 | -0.21 | 0.16 | 0.02 | 0.32 | -0.11 | 188.11 |
| 1,034.00 | 0.100 | 291.20 | 1,034.00 | -0.12 | 0.03 | 0.05 | 0.06 | 0.00 | -31.89 |
| 1,128.00 | 0.000 | 243.90 | 1,128.00 | -0.09 | -0.05 | 0.09 | 0.11 | -0.11 | 0.00 |
| 1,223.00 | 0.400 | 194.50 | 1,223.00 | -0.41 | -0.13 | 0.37 | 0.42 | 0.42 | 0.00 |
| 1,318.00 | 0.500 | 229.90 | 1,318.00 | -1.00 | -0.53 | 1.05 | 0.30 | 0.11 | 37.26 |
| 1,412.00 | 0.700 | 242.00 | 1,411.99 | -1.53 | -1.35 | 2.02 | 0.25 | 0.21 | 12.87 |
| 1,507.00 | 0.700 | 224.90 | 1,506.98 | -2.21 | -2.27 | 3.17 | 0.22 | 0.00 | -18.00 |

**Sharewell**

Survey Report

Sharewell Energy Services

| | | | |
|---|---|---|---|
| **Company:** | Appaloosa | **Local Co-ordinate Reference:** | Well WPS 7-2-5-5 |
| **Project:** | Duchesne Co, UT | **TVD Reference:** | RKB:24' @ 6414.00ft (Frontier 2) |
| **Site:** | WPS 7-2-5-5 | **MD Reference:** | RKB:24' @ 6414.00ft (Frontier 2) |
| **Well:** | WPS 7-2-5-5 | **North Reference:** | True |
| **Wellbore:** | OH | **Survey Calculation Method:** | Minimum Curvature |
| **Design:** | OH | **Database:** | CompassVM |

**Survey**

| Measured Depth (ft) | Inclination (°) | Azimuth (°) | Vertical Depth (ft) | +N/-S (ft) | +E/-W (ft) | Vertical Section (ft) | Dogleg Rate (°/100ft) | Build Rate (°/100ft) | Turn Rate (°/100ft) |
|---|---|---|---|---|---|---|---|---|---|
| 1,602.00 | 0.900 | 237.20 | 1,601.97 | -3.03 | -3.31 | 4.48 | 0.28 | 0.21 | 12.95 |
| 1,697.00 | 0.700 | 290.90 | 1,696.97 | -3.23 | -4.48 | 5.50 | 0.78 | -0.21 | 56.53 |
| 1,792.00 | 3.100 | 304.00 | 1,791.91 | -1.58 | -7.15 | 6.44 | 2.55 | 2.53 | 13.79 |
| 1,887.00 | 0.300 | 164.20 | 1,886.86 | -0.38 | -9.21 | 7.21 | 3.51 | -2.95 | -147.16 |
| 1,982.00 | 1.300 | 188.60 | 1,981.85 | -1.69 | -9.31 | 8.13 | 1.09 | 1.05 | 25.68 |
| 2,077.00 | 0.800 | 191.60 | 2,076.84 | -3.40 | -9.60 | 9.48 | 0.53 | -0.53 | 3.16 |
| 2,171.00 | 0.100 | 115.90 | 2,170.83 | -4.08 | -9.66 | 9.97 | 0.83 | -0.74 | -80.53 |
| 2,266.00 | 0.200 | 219.00 | 2,265.83 | -4.25 | -9.69 | 10.10 | 0.26 | 0.11 | 108.53 |
| 2,362.00 | 0.400 | 228.50 | 2,361.83 | -4.60 | -10.05 | 10.60 | 0.21 | 0.21 | 9.90 |
| 2,457.00 | 0.700 | 225.40 | 2,456.83 | -5.23 | -10.71 | 11.51 | 0.32 | 0.32 | -3.26 |
| 2,552.00 | 0.400 | 224.50 | 2,551.82 | -5.87 | -11.35 | 12.42 | 0.32 | -0.32 | -0.95 |
| 2,646.00 | 0.200 | 348.90 | 2,645.82 | -5.95 | -11.61 | 12.67 | 0.57 | -0.21 | 132.34 |
| 2,741.00 | 0.300 | 238.60 | 2,740.82 | -5.91 | -11.86 | 12.83 | 0.44 | 0.11 | -116.11 |
| 2,836.00 | 0.400 | 269.00 | 2,835.82 | -6.05 | -12.40 | 13.33 | 0.22 | 0.11 | 32.00 |
| 2,931.00 | 0.900 | 242.60 | 2,930.81 | -6.40 | -13.40 | 14.31 | 0.60 | 0.53 | -27.79 |
| 3,026.00 | 0.600 | 279.50 | 3,025.81 | -6.66 | -14.55 | 15.35 | 0.58 | -0.32 | 38.84 |
| 3,121.00 | 0.700 | 322.40 | 3,120.80 | -6.12 | -15.39 | 15.63 | 0.51 | 0.11 | 45.16 |
| 3,216.00 | 0.400 | 294.10 | 3,215.80 | -5.52 | -16.05 | 15.74 | 0.42 | -0.32 | -29.79 |
| 3,311.00 | 0.400 | 288.50 | 3,310.79 | -5.28 | -16.67 | 16.04 | 0.04 | 0.00 | -5.89 |
| 3,406.00 | 0.500 | 291.40 | 3,405.79 | -5.02 | -17.37 | 16.41 | 0.11 | 0.11 | 3.05 |
| 3,501.00 | 0.800 | 281.30 | 3,500.79 | -4.74 | -18.40 | 17.00 | 0.34 | 0.32 | -10.63 |
| 3,596.00 | 0.400 | 49.50 | 3,595.78 | -4.40 | -18.80 | 17.08 | 1.15 | -0.42 | 134.95 |
| 3,691.00 | 0.800 | 78.80 | 3,690.78 | -4.05 | -17.90 | 16.17 | 0.52 | 0.42 | 30.84 |
| 3,786.00 | 0.900 | 77.10 | 3,785.77 | -3.76 | -16.52 | 14.94 | 0.11 | 0.11 | -1.79 |
| 3,881.00 | 0.500 | 110.80 | 3,880.76 | -3.74 | -15.41 | 14.08 | 0.59 | -0.42 | 35.47 |
| 3,976.00 | 0.300 | 112.50 | 3,975.76 | -3.98 | -14.79 | 13.78 | 0.21 | -0.21 | 1.79 |
| 4,071.00 | 0.400 | 137.40 | 4,070.76 | -4.32 | -14.34 | 13.65 | 0.19 | 0.11 | 26.21 |
| 4,166.00 | 0.300 | 149.70 | 4,165.75 | -4.78 | -13.99 | 13.69 | 0.13 | -0.11 | 12.95 |
| 4,261.00 | 0.400 | 179.40 | 4,260.75 | -5.32 | -13.86 | 13.95 | 0.21 | 0.11 | 31.26 |
| 4,355.00 | 0.700 | 214.70 | 4,354.75 | -6.13 | -14.18 | 14.72 | 0.47 | 0.32 | 37.55 |
| 4,450.00 | 0.900 | 214.60 | 4,449.74 | -7.22 | -14.93 | 16.01 | 0.21 | 0.21 | -0.11 |
| 4,545.00 | 0.700 | 232.10 | 4,544.73 | -8.19 | -15.82 | 17.31 | 0.33 | -0.21 | 18.42 |
| 4,639.00 | 0.800 | 239.80 | 4,638.72 | -8.87 | -16.84 | 18.53 | 0.15 | 0.11 | 8.19 |
| 4,734.00 | 1.100 | 237.60 | 4,733.71 | -9.69 | -18.18 | 20.08 | 0.32 | 0.32 | -2.32 |
| 4,830.00 | 1.100 | 297.60 | 4,829.69 | -9.76 | -19.77 | 21.33 | 1.15 | 0.00 | 62.50 |
| 4,925.00 | 1.100 | 296.30 | 4,924.68 | -8.93 | -21.40 | 22.01 | 0.03 | 0.00 | -1.37 |
| 5,019.00 | 1.100 | 278.20 | 5,018.66 | -8.40 | -23.10 | 22.95 | 0.37 | 0.00 | -19.26 |
| 5,113.00 | 1.100 | 273.40 | 5,112.64 | -8.22 | -24.90 | 24.18 | 0.10 | 0.00 | -5.11 |
| 5,209.00 | 0.500 | 237.80 | 5,208.63 | -8.39 | -26.17 | 25.26 | 0.78 | -0.63 | -37.08 |
| 5,304.00 | 0.200 | 198.20 | 5,303.63 | -8.77 | -26.57 | 25.81 | 0.39 | -0.32 | -41.68 |
| 5,398.00 | 0.700 | 284.30 | 5,397.63 | -8.78 | -27.18 | 26.28 | 0.76 | 0.53 | 91.60 |
| 5,493.00 | 0.900 | 299.10 | 5,492.62 | -8.28 | -28.39 | 26.86 | 0.30 | 0.21 | 15.58 |
| 5,588.00 | 2.200 | 192.50 | 5,587.59 | -9.69 | -29.44 | 28.58 | 2.74 | 1.37 | -112.21 |

**Sharewell**

Survey Report

Sharewell Energy Services

| | | | |
|---|---|---|---|
| **Company:** | Appaloosa | **Local Co-ordinate Reference:** | Well WPS 7-2-5-5 |
| **Project:** | Duchesne Co, UT | **TVD Reference:** | RKB:24' @ 6414.00ft (Frontier 2) |
| **Site:** | WPS 7-2-5-5 | **MD Reference:** | RKB:24' @ 6414.00ft (Frontier 2) |
| **Well:** | WPS 7-2-5-5 | **North Reference:** | True |
| **Wellbore:** | OH | **Survey Calculation Method:** | Minimum Curvature |
| **Design:** | OH | **Database:** | CompassVM |

**Survey**

| Measured Depth (ft) | Inclination (°) | Azimuth (°) | Vertical Depth (ft) | +N/-S (ft) | +E/-W (ft) | Vertical Section (ft) | Dogleg Rate (°/100ft) | Build Rate (°/100ft) | Turn Rate (°/100ft) |
|---|---|---|---|---|---|---|---|---|---|
| 5,684.00 | 2.700 | 179.10 | 5,683.51 | -13.75 | -29.80 | 31.52 | 0.79 | 0.52 | -13.96 |
| 5,779.00 | 1.000 | 138.50 | 5,778.46 | -16.61 | -29.22 | 32.95 | 2.15 | -1.79 | -42.74 |
| 5,874.00 | 0.700 | 180.40 | 5,873.45 | -17.81 | -28.67 | 33.33 | 0.70 | -0.32 | 44.11 |
| 5,969.00 | 0.400 | 116.80 | 5,968.44 | -18.54 | -28.38 | 33.59 | 0.67 | -0.32 | -66.95 |
| 6,064.00 | 0.400 | 147.00 | 6,063.44 | -18.97 | -27.91 | 33.51 | 0.22 | 0.00 | 31.79 |
| 6,159.00 | 0.800 | 185.90 | 6,158.44 | -19.91 | -27.79 | 34.04 | 0.58 | 0.42 | 40.95 |
| 6,254.00 | 0.900 | 182.60 | 6,253.43 | -21.31 | -27.90 | 35.04 | 0.12 | 0.11 | -3.47 |
| 6,349.00 | 1.400 | 200.90 | 6,348.41 | -23.14 | -28.34 | 36.57 | 0.65 | 0.53 | 19.26 |
| 6,444.00 | 1.100 | 189.90 | 6,443.38 | -25.13 | -28.91 | 38.31 | 0.40 | -0.32 | -11.58 |
| **Last Sharewell Survey** | | | | | | | | | |

**Design Annotations**

| Measured Depth (ft) | Vertical Depth (ft) | Local Coordinates +N/-S (ft) | Local Coordinates +E/-W (ft) | Comment |
|---|---|---|---|---|
| 740.00 | 740.00 | 0.00 | 0.00 | First Sharewell Survey |
| 6,444.00 | 6,443.38 | -25.13 | -28.91 | Last Sharewell Survey |

Checked By: _____ Approved By: _____ Date: _____



RECEIVED: Sep. 20, 2013

UTAH DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining
Oil and Gas Program
1594 West North Temple, Suite 1210, Box 145801
Salt Lake City, UT 84114-5801
(801) 538-5340 Phone
(801) 359-3940 Fax

# NOTICE OF VIOLATION
# STATE OF UTAH
# OIL AND GAS CONSERVATION ACT

**TO THE FOLLOWING OPERATOR:**

2 5S SW

Operator Name: Appaloosa Operating Company, LLC

Mailing Address: Attn: Martin Shields
1776 Woodside CT Suite 121
The Woodlands, TX 77380

Well(s) or Site(s):
(1) WPS 5-1-5-5 API #: 43-013-51583
(2) Appaloosa 7-2-5-5 API #: 43-013-51584 ←
(3) Appaloosa 9-12D-5-5 API #: 43-013-51596
(4) Hand 7-8D-5-4 API #: 43-013-51701
(5) Smith 11A-7-5-4 API #: 43-013-52051

Date and Time of Inspection/Violation: January 2013 through February 2014

**Under the authority of the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended, the undersigned authorized representative of the Division of Oil, Gas and Mining (Division) has conducted an inspection of the above described site and/or records on the above date and has found alleged violation(s) of the act, rules or permit conditions as described below.**

**Description of Violation(s):**
**Rule R649-3-20, *Gas Flaring Or Venting*** – According to Rule R649-3-20, produced gas from an oil well can only be flared up to 3000 Mcf in the first calendar month of production and 1800 Mcf per month thereafter without approval. If an operator desires to produce a well for the purpose of testing and evaluation beyond the time allowed by R649-3-19 and vent or flare gas in excess of the aforementioned limits of gas venting or flaring, the operator shall make written request for administrative action by the Division to allow gas venting or flaring during such testing and evaluation

Appaloosa Operating Company LLC (Appaloosa) has reported no transported gas volumes, a flat 1800 Mcf flared volume per month, and the balance of gas produced reported as gas used on site volumes on the above referenced wells. Gas volumes used on site are not metered or determined from manufacturer's equipment usage estimates. Inspection reports submitted by the Division field inspector indicate more gas is being flared than the amount being reported on the above on the above referenced wells. Review of gas production and disposition reported volumes indicates wide variance of used on site volumes while days produced is rather consistent. This would indicate incorrect reporting of actual flared volumes and the need to seek Board approval to flare in excess of the rules.

**Immediate Action: These wells are in violation of R-649-3-20 as listed above. Appaloosa shall immediately alleviate the noncompliance by marketing the gas or restricting flaring to the allowable rate. Also Appaloosa shall provide a more accurate measure of gas used on site by metering, well tests, or the used of manufacturers estimated equipment gas usage to more accurately report gas used on site. If such restriction of production is not possible Appaloosa shall immediately submit a Request for Agency Action and appear before the Board to provide justification of such venting or flaring pursuant to R649-3-20(5). The Division will notify the appropriate governmental taxing and royalty agencies of this unapproved venting or flaring and of any subsequent Board action.**

UTAH DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining
Oil and Gas Program
1594 West North Temple, Suite 1210, Box 145801
Salt Lake City, UT 84114-5801
(801) 538-5340 Phone
(801) 359-3940 Fax

- **The Board may authorize recovery of fines of $5,000 per day for violation of any rule, or order and up to $10,000.00 per day for willful violations U.C.A 40-6-11, part 4**

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator.

## Compliance Deadline: July 15, 2014

**Date of Service Mailing:** June 18, 2014 **Certified Mail No.:** 7003 2260 0003 2358 7356

Division Representative Signature
Name and Title: Randy Thackeray, Lead Auditor
Phone: (801) 538-5316

Operator Representative (if presented in person)

cc: Compliance File
Well File
Mike Johnson, Board of Oil, Gas and Mining
Ruland Gill, Board Chair
Steve Alder, DOGM
Jennifer Casady, Utah Tax Commission

1/2013

**UTAH DEPARTMENT OF NATURAL RESOURCES**
**Division of Oil, Gas & Mining**
**Oil and Gas Program**
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801
(801) 538-5340 Phone

# SATISFACTORY CLOSURE OF VIOLATION
# STATE OF UTAH
# OIL AND GAS CONSERVATION ACT

**TO THE FOLLOWING OPERATOR:**

Name: Appaloosa Operating Company, LLC

Attention: Martin Shields

Mailing Address: 1776 Woodstead CT, Suite 121
The Woodlands, TX 77380

2 5S 5W

| | | |
|---|---|---|
| Well or Site: | (1) WPS 5-1-5-5 | API#: 43-013-51583 |
| | (2) Appaloosa 7-2-5-5 | API#: 43-013-51584 |
| | (3) Appaloosa 9-12D-5-5 | API#: 43-013-51596 |
| | (4) Hand 7-8D-5-4 | API#: 43-013-51701 |
| | (5) Smith 11A-7-5-4 | API#: 43-013-52051 |

**THIS DOCUMENT BRINGS CLOSURE TO A NOTICE OF VIOLATION SENT TO THE ABOVE OPERATOR AND DATED: June 18, 2014**

**The Utah Division of Oil, Gas and Mining hereby acknowledges that the alleged violation of the act, rules or permit conditions as described below (as pertaining to the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended), has been satisfactorily resolved in a manner acceptable to the division.**

**Description of Violation(s): Rule R649--3-20, *Gas Flaring or Venting*** – According to Rule R649-3-20, produced gas from an oil well can only be flared up to 3000 Mcf in the first calendar month of production and 1800 Mcf per month thereafter without approval. If an operator desires to produce a well for the purpose of testing and evaluation beyond the time allowed by R649-3-19 and vent or flare gas in excess of the aforementioned limits of gas venting or flaring, the operator shall make written request for administrative action by the Division to allow gas venting or flaring during such testing and evaluation

Appaloosa Operating Company LLC (Appaloosa) has reported no transported gas volumes, a flat 1800 Mcf flared volume per month, and the balance of gas produced reported as gas used on site volumes on the above referenced wells. Gas volumes used on site are not metered or determined from manufacturer's equipment usage estimates. Inspection reports submitted by the Division field inspector indicate more gas is being flared than the amount being reported on the above referenced wells. Review of gas production and disposition reported volumes indicates wide variance of used on site volumes while days produced is rather consistent. This would indicate incorrect reporting of actual flared volumes and the need to seek Board approval to flare in excess of the rules.

**The following action was taken by the operator:** Appaloosa has taken the following actions to be complaint with the immediate action requested by the Division in the Notice of Violation:

1, Appaloosa has alleviated noncompliance by restricting production to flare gas within the allowable limit until such time pipelines can be connected to the Newfield gathering system.
2. Appaloosa has provided a more accurate measurement of gas used on site by the use of manufacturers' estimated equipment gas usage to more accurately reflect gas used on site.
3. Appaloosa has amended monthly production/disposition reports to more accurately state production/disposition volumes, volumes used on site, and flare volumes.

No further action will be taken by the Division concerning this matter. **MATTER CLOSED:** **September 5, 2014**

Division Representative Signature: Randy M. Thackeray Date: 9/10/14

Name and Title: Randy M Thackeray, Lead Auditor Phone: 801-538-5316

cc: Compliance File
Well File
Ruland Gill, Chairman, Board of Oil, Gas and Mining
Mike Johnson, Board of Oil, Gas and Mining Counsel
Steve Alder, DOGM Counsel
Jennifer Casady, Utah Tax Commission
Jim Allen, Appaloosa Counsel

**STATE OF UTAH**
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

**FORM 9**

**5.LEASE DESIGNATION AND SERIAL NUMBER:**
Fee

## SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

**6. IF INDIAN, ALLOTTEE OR TRIBE NAME:**

**7.UNIT or CA AGREEMENT NAME:**

**1. TYPE OF WELL**
Oil Well

**8. WELL NAME and NUMBER:**
APPALOSSA 7-2-5-5

**2. NAME OF OPERATOR:**
APPALOOSA OPERATING COMPANY LLC

**9. API NUMBER:**
43013515840000

**3. ADDRESS OF OPERATOR:**
1776 Woodstead Ct., Suite 121 , The Woodlands, TX, 77380

**PHONE NUMBER:**
832 419-0889 Ext

**9. FIELD and POOL or WILDCAT:**
BRUNDAGE CANYON

**4. LOCATION OF WELL**
**FOOTAGES AT SURFACE:**
1963 FNL 1940 FEL
**QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:**
Qtr/Qtr: SWNE Section: 02 Township: 05.0S Range: 05.0W Meridian: U

**COUNTY:**
DUCHESNE

**STATE:**
UTAH

**11.**
CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|---|---|---|---|
| ☐ NOTICE OF INTENT<br>Approximate date work will start: | ☐ ACIDIZE | ☐ ALTER CASING | ☐ CASING REPAIR |
| ☑ SUBSEQUENT REPORT<br>Date of Work Completion:<br>8/15/2013 | ☐ CHANGE TO PREVIOUS PLANS | ☐ CHANGE TUBING | ☐ CHANGE WELL NAME |
| ☐ SPUD REPORT<br>Date of Spud: | ☐ CHANGE WELL STATUS | ☐ COMMINGLE PRODUCING FORMATIONS | ☐ CONVERT WELL TYPE |
| ☐ DRILLING REPORT<br>Report Date: | ☐ DEEPEN | ☐ FRACTURE TREAT | ☐ NEW CONSTRUCTION |
| | ☐ OPERATOR CHANGE | ☐ PLUG AND ABANDON | ☐ PLUG BACK |
| | ☐ PRODUCTION START OR RESUME | ☐ RECLAMATION OF WELL SITE | ☐ RECOMPLETE DIFFERENT FORMATION |
| | ☐ REPERFORATE CURRENT FORMATION | ☐ SIDETRACK TO REPAIR WELL | ☐ TEMPORARY ABANDON |
| | ☐ TUBING REPAIR | ☐ VENT OR FLARE | ☐ WATER DISPOSAL |
| | ☐ WATER SHUTOFF | ☐ SI TA STATUS EXTENSION | ☐ APD EXTENSION |
| | ☐ WILDCAT WELL DETERMINATION | ☑ OTHER | OTHER: |

**12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.**
Form 7 attached

**Accepted by the**
**Utah Division of**
**Oil, Gas and Mining**
**FOR RECORD ONLY**
July 27, 2015

| NAME (PLEASE PRINT) | PHONE NUMBER | TITLE |
|---|---|---|
| Terrie Hoye | 713 410-9479 | Sr. Geotech |
| **SIGNATURE** | | **DATE** |
| N/A | | 7/20/2015 |

RECEIVED: Jul. 20, 2015

**STATE OF UTAH**
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 7

# REPORT OF WATER ENCOUNTERED DURING DRILLING

Well name and number: Appaloosa 7-2-5-5

API number: 4301351584

Well Location: QQ SWNE Section 2 Township 5S Range 5W County Duchesne

Well operator: Appaloosa Operating Company LLC

Address: PO Box 7280

city The Woodlands state TX zip 77387 Phone: (832) 419-0889

Drilling contractor: Leon Ross Construction

Address: 3000 W 1250 South

city Roosevelt state UT zip 84066 Phone: (435) 722-4469

Water encountered (attach additional pages as needed):

| DEPTH | | VOLUME | QUALITY |
|---|---|---|---|
| FROM | TO | (FLOW RATE OR HEAD) | (FRESH OR SALTY) |
| | | No water encountered | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

Formation tops: (Top to Bottom)

1 _____ 2 _____ 3 _____

4 _____ 5 _____ 6 _____

7 _____ 8 _____ 9 _____

10 _____ 11 _____ 12 _____

If an analysis has been made of the water encountered, please attach a copy of the report to this form.

**I hereby certify that this report is true and complete to the best of my knowledge.**

NAME (PLEASE PRINT) Terrie Hoye TITLE Sr. Geotech

SIGNATURE _____ DATE 7/20/2015

(5/2000)

RECEIVED: Jul. 20, 2015