

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 Smith 11A-7-5-4				
2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>						3. FIELD OR WILDCAT UNDESIGNATED				
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 <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>			12. SURFACE OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>				
13. NAME OF SURFACE OWNER (if box 12 = 'fee') DWR						14. SURFACE OWNER PHONE (if box 12 = 'fee')				
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee') 1594 West North Temple, Suite 2110, ,						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 <input checked="" type="checkbox"/> (Submit Commingling Application) NO <input type="checkbox"/>			19. SLANT VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>				
20. LOCATION OF WELL		FOOTAGES		QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN		
LOCATION AT SURFACE		1930 FSL 1908 FWL		NESW	7	5.0 S	4.0 W	U		
Top of Uppermost Producing Zone		1930 FSL 1908 FWL		NESW	7	5.0 S	4.0 W	U		
At Total Depth		1930 FSL 1908 FWL		NESW	7	5.0 S	4.0 W	U		
21. COUNTY DUCHESNE			22. DISTANCE TO NEAREST LEASE LINE (Feet) 1908			23. NUMBER OF ACRES IN DRILLING UNIT 40				
27. ELEVATION - GROUND LEVEL 6218			25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 3894			26. PROPOSED DEPTH MD: 6350 TVD: 6350				
28. BOND NUMBER 0279605699			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 - 5710	24.0	J-55 ST&C	8.6	Class G	300	1.15	15.8
PROD	7.875	5.5	0 - 6350	15.5	J-55 LT&C	8.9	Hi Lift "G"	180	3.82	11.0
							50/50 Poz	507	1.26	14.2
ATTACHMENTS										
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES										
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER					<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN					
<input type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)					<input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER					
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)					<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP					
NAME Scott Straessler				TITLE Optimization Manager			PHONE 307 675-6400			
SIGNATURE				DATE 02/12/2013			EMAIL Scott.Straessler@woodgroup.com			
API NUMBER ASSIGNED 43013520510000				APPROVAL			 Permit Manager			

APPALOOSA OPERATING COMPANY, LLC

Smith 11A-7 5-4

Surface Location: NE ¼, SW ¼ , 1930' FSL 1908' FWL, Section 7, T5S, R4W, 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	1785'
Mahogany	2470'
* Garden Gulch Mbr	3510'
*Douglas Creek Mbr	4300'
*Castle Peak Mbr	5200'
*Uteland Butte Mbr.	5655'
Wasatch	6055'
TD	6350'

*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. 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.

Appaloosa Operating Company, LLC
Smith 11A-7 5-4

Drilling Program
Duchesne County, Utah

4 Proposed Casing and Cementing Program

The proposed Casing Program will be as follows:

Purpose	Depth	Hole Size	Casing Size	Type	Connection	Weight
Surface	640'	12.25"	8.625"	J-55	ST&C	24#
Production	6350'	7.875"	5.5"	J-55	LT&C	15.5#

Surface	Fill	Type and Amount
0'-640'	640'	Approximately 300 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 a similar slurry with a minimum weight of 11.0 ppg and approximate yield of 3.82 cf/sk	
3500' - 6350'	Approximately 452 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'-640'	8.3-8.6	27-40	NC	Spud Mud
640' - 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

Appaloosa Operating Company, LLC
Smith 11A-7 5-4

Drilling Program
Duchesne County, Utah

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

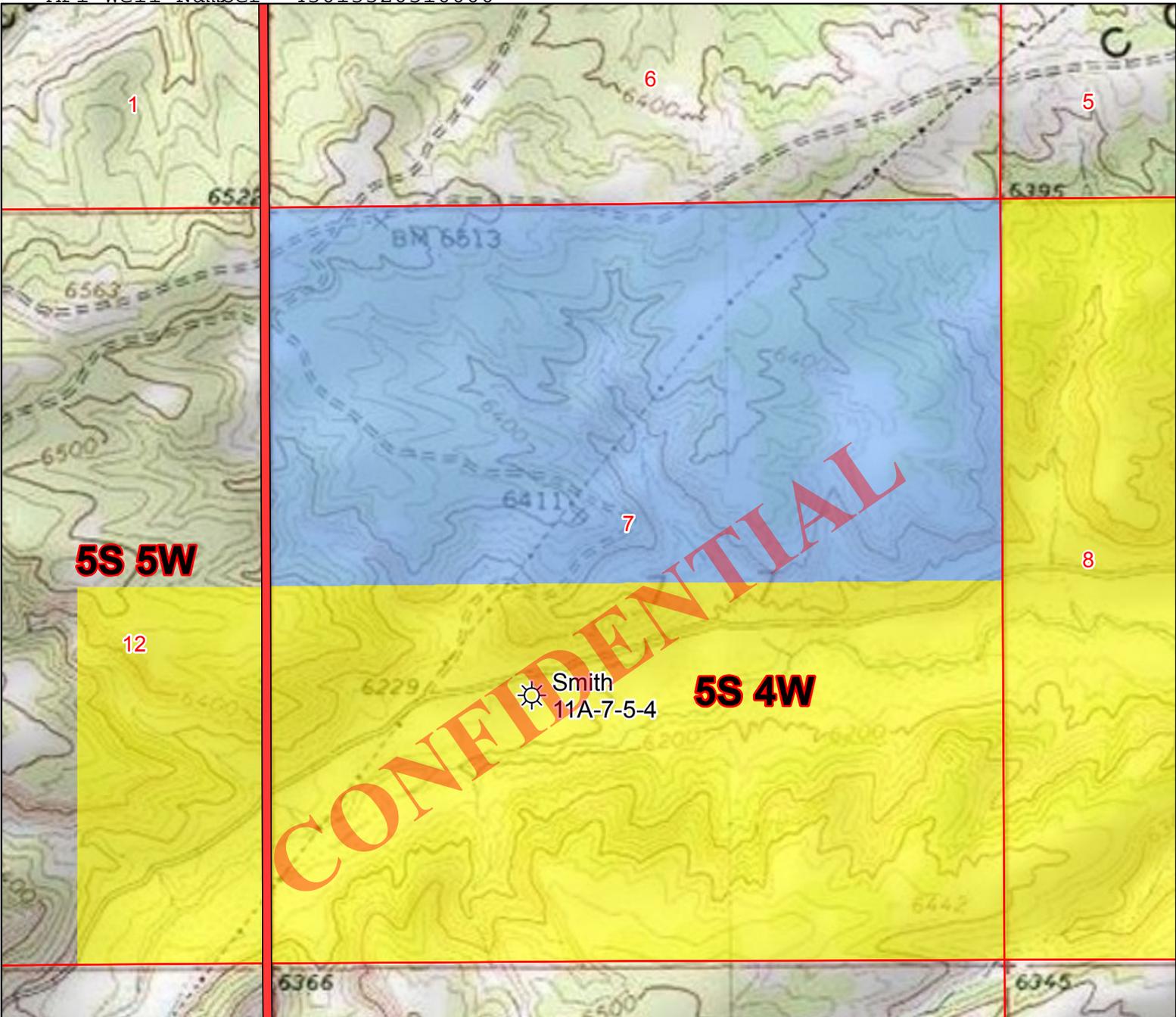
7 Abnormal Conditions

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



Legend

- Proposed Well Location
- Township/Range
- Section
- Berry Petroleum Mineral Lease
- Appaloosa Mineral Lease

Copyright: © 2010 National Geographic Society

PREPARED FOR:

CREATED BY:

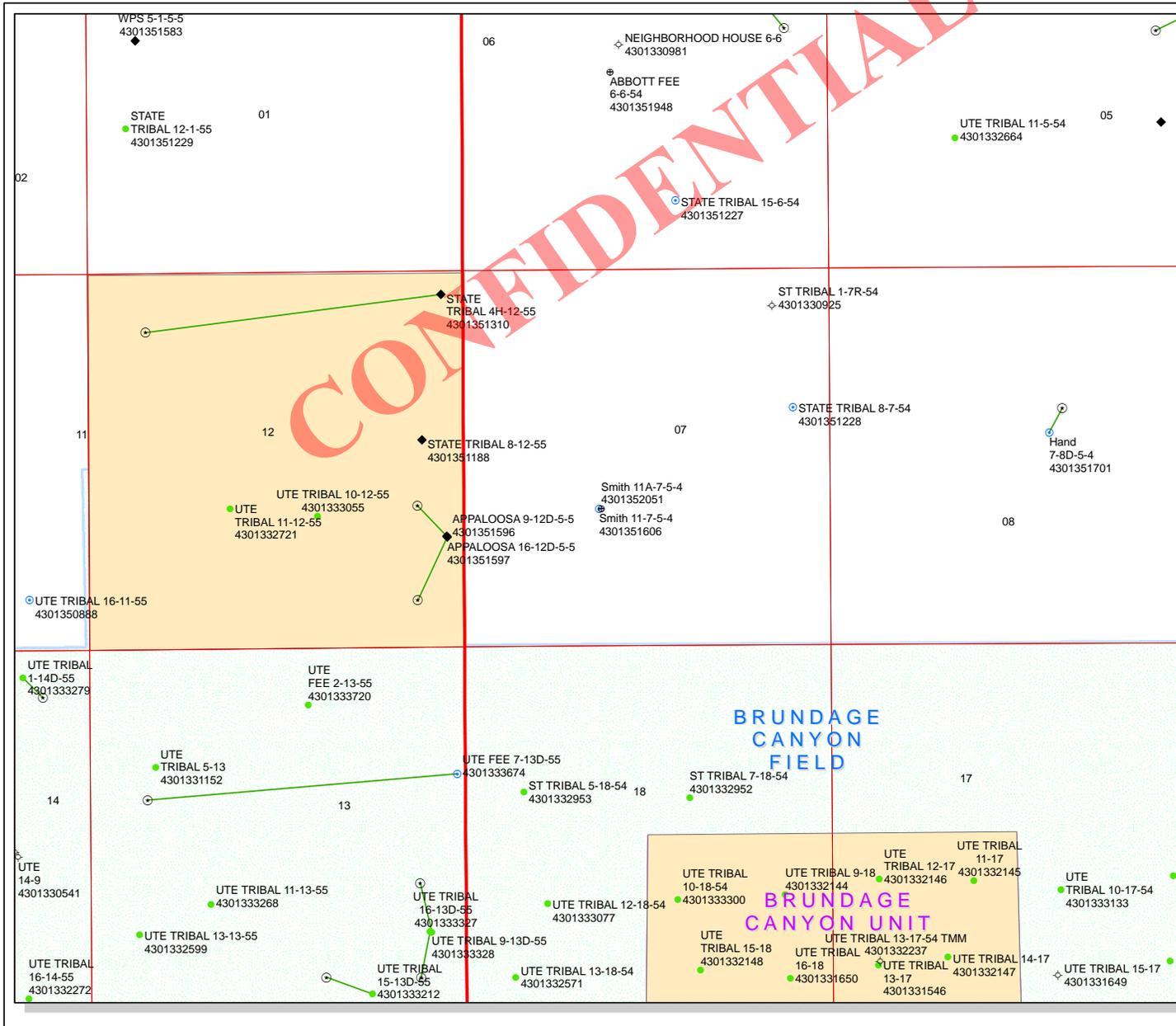
APPALOOSA ENERGY
 Smith 11A-7-5-4
 SEC. 7, T5S, R4W
 Duchesene County, UT

DRAWN BY: MANNY RODRIGUEZ
 DATE: 02/20/2013
 SCALE: 1 inch = 1,000 feet

MINERAL LEASE MAP

SHEET
A

RECEIVED: February 01, 2013

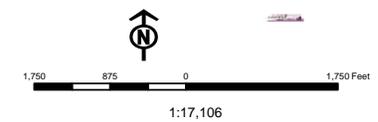


API Number: 4301352051
Well Name: Smith 11A-7-5-4
Township T05.0S Range R04.0W Section 07
Meridian: UBM
 Operator: APPALOOSA OPERATING COMPANY LLC

Map Prepared:
 Map Produced by Diana Mason

- Units**
- ACTIVE
 - EXPLORATORY
 - GAS STORAGE
 - NF PP OIL
 - NF SECONDARY
 - PI OIL
 - PP GAS
 - PP GEOTHERMAL
 - PP OIL
 - SECONDARY
 - TERMINATED

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



**EASEMENT LEASE AGREEMENT
APPALOOSA OPERATING COMPANY
FOR WELLSITES APPALOOSA 7-2-55, WPS 5-1-55, APPALOOSA 9-12D-55/16-12D-55,
and SMITH 11-7-54
and their Supporting Roads and Pipelines
COTTONWOOD WILDLIFE MANAGEMENT AREA**

UDWR Easement Lease No. DUCH-1209EA-0341

70 1672

THIS NON-EXCLUSIVE EASEMENT LEASE AGREEMENT (“**Agreement**”) is made by and between the **Utah Division of Wildlife Resources** whose address is 1594 West North Temple, Suite 2110, Salt Lake City, Utah 84114-6301 (hereafter “**Surface Owner**”) and **Appaloosa Operating Company**, whose address is 1776 Woodstead Ct., Suite 121, The Woodlands, Texas 77380 (hereafter “**Lessee**”). Surface Owner and Lessee are collectively referred to as “**the Parties**”. “Easement Lease” means the lease of an easement or right-of-way, for which the purpose, specific use, rights granted, location, term, fees, and other conditions are set forth herein.

EXHIBITS

- A.1 Legal Description of Burdened Property for Wellsite Appaloosa 7-2-55
- A.2 Depiction of Appaloosa 7-2-55 Wellsite, Access Road, and Pipeline Corridor
- A.3 Refined Depiction of Appaloosa 7-2-55 Wellsite
- B.1 Legal Description Burdened Property for Wellsite WPS 5-1-55
- B.2 Depiction of WPS 5-1-55 Wellsite, Access Road, and Pipeline Corridor
- B.3 Refined Depiction of WPS 5-1-55 Wellsite
- C.1 Legal Description of Burdened Property for Wellsite Appaloosa 9-12D-55/16-12D-55
- C.2 Depiction of Appaloosa 9-12D-55/16-12D-55 Wellsite, Access Road, and Pipeline Corridor
- C.3 Refined Depiction of Appaloosa 9-12D-55/16-12D-55 Wellsite
- D.1 Legal Description of Burdened Property for Wellsite Smith 11-7-54
- D.2 Depiction of Smith 11-7-54 Wellsite, Access Road, and Pipeline Corridor
- D.3 Refined Depiction of Smith 11-7-54 Wellsite
- E Surface Use Plan for Lessee’s Cottonwood Ridge Project Area
- F Reclamation Performance Bond Number RLB0014871
- G Cooperative Agreement, Mitigation Related to Oil and Gas Field Development on the Cottonwood Wildlife Management Area

SECTION 1 GRANT AND LOCATION OF EASEMENT

- 1.1 Burdened Property.** Surface Owner owns certain real property known to Surface Owner as the Cottonwood Wildlife Management Area (“**WMA**”). Surface Owner represents that its purposes and uses of owning said WMA is to provide important habitat for wildlife, and to provide wildlife-based recreation for the general public. Surface Owner grants and conveys to Lessee a nonexclusive easement lease (“**Easement**”) for four wellsites, one of which contains two wellbores (“**Wellsites**”) and pipelines and access roads associated with those wellsites. The legal description of the perimeter of that portion of the WMA to which Lessee is hereby granted an Easement are set forth in Exhibits A.1, B.1, C.1, and D.1, said property hereafter referred to as “**Burdened Property**” and approximately depicted in Exhibits A.2, A.3, B.2, B.3, C.2, C.3, D.2, and D.3. Access roads shall not exceed 30 feet in width and pipelines shall not exceed 13 inches in diameter. Access roads and pipelines shall lie entirely within the Burdened Property in Exhibits A.1, B.1, C.1, and D.1.
- 1.2 Right of Third Parties.** This Easement is subject to all valid interests of third parties. Surface Owner claims title in fee simple, but does not warrant to Lessee the validity of title to the Burdened Property. Lessee shall have no claim for damages or refund against Surface Owner for any claimed failure or deficiency of Surface Owner’s title to said lands, or for interference by any third party.
- 1.3 Surveys, Maps, and Plans.** In executing this Agreement, Surface Owner is relying upon the surveys, plats, diagrams, and/or legal descriptions provided by Lessee. Lessee is not relying upon, and Surface Owner is not making any representations about any surveys, plats, diagrams, and/or legal descriptions provided by Surface Owner.

- 1.4 Headings.** The Headings in this Agreement are for convenience only and are not intended to, and shall not be construed to, limit, enlarge, or affect the scope or intent of this Easement nor the meaning of any of its provisions.

SECTION 2 PURPOSE AND SCOPE OF EASEMENT

- 2.1 Purpose.** This Easement is granted for the purpose of ingress and egress for the construction, installation, operation, maintenance, repair, and replacement as necessary of drill pads, pipelines, and access roads, subject to and in accordance with the restrictions and conditions set forth herein, in support of Lessee's oil and gas operations on the Burdened Property, and for no other purpose. Lessee agrees that it shall not remove from Surface Owner's property ordinary sand and gravel or wood products of any kind without the appropriate permit or other written authorization from Surface Owner. Any unauthorized use of the Burdened Property shall be considered a material breach of this Agreement.

- 2.2 Number and Kind of Infrastructure.** Under this Agreement, Lessee shall have the right to construct, maintain and repair a single buried pipeline, not to exceed thirteen (13) inches in diameter, per Wellsite, in the pipeline easement corridors described in Exhibits A.1, B.1, C.1, and D.1.

No other difference in the number, kind, or size of permanent structures to be constructed on the Burdened Property shall be allowed from that set forth in this Agreement, except production facilities, storage tanks, and such equipment deemed necessary by Lessee for the production of the wells located on the Burdened Property, said production facilities, storage tanks, and such equipment to be located on the Wellsites. Paving of any road is expressly prohibited.

- 2.3 Exclusivity.** It is expressly understood and agreed that the right herein granted is non-exclusive. Surface Owner hereby reserves the right to issue other non-exclusive easements, leases, or permits on or across the Burdened Property where such uses are appropriate and compatible, or dispose of the property by sale or exchange.
- 2.4 Permittees.** Lessee may permit its respective employees, agents, contractors, licensees, herein individually referred to as "Permittee" and collectively referred to as "Permittees", to exercise the rights granted herein. Acts or omissions of the Permittees operating under this Easement shall be deemed an act of Lessee.

2.5 Seasonal Restrictions.

(a) Lessee shall not engage in construction activities on the Burdened Property including and between the dates of November 30 to April 15 ("Seasonal Closure"), subject to the Cooperative Agreement set forth in Exhibit G. Lessee shall have the right to enter the Burdened Property during Seasonal Closure for service, maintenance and repair of its production facilities and the wells to the extent that such service, maintenance and repair could not have reasonably been anticipated or could not reasonably be scheduled for dates outside Seasonal Closure.

(b) Lessee shall have the right to enter the Burdened Property at any time for emergency activities to prevent environmental damage. Lessee shall notify Surface Owner of such emergency activities in accordance with Section 5 of this Agreement.

(c) The Parties agree that, except for emergency activities described in Subsection 2.5(b), should activities for major construction or major maintenance or repair projects during Seasonal Closure be desired by Lessee, the Parties shall consult in good faith to determine how such activities might be accomplished without undue harm to wildlife.

(d) The Parties agree that should extraordinary circumstances arise, including extraordinarily inclement weather, during Seasonal Closure wherein activities permitted

under this Agreement would result in significant harm or stress to or for wildlife, the Parties shall consult in good faith to determine how that significant harm or stress might be avoided.

(e) The Parties agree that should information pertaining to wildlife or vegetation become known to either one or both the Parties, and which would be useful in preventing harm to wildlife or vegetation, the Parties shall consult in good faith to determine how activities allowed under this Agreement might be modified, to the extent the Parties might agree at that time.

(f) As described in Section 5 of this Agreement, Lessee shall notify Surface Owner of Lessee's activities in some circumstances.

SECTION 3 TERM AND RENEWAL

- 3.1 Term Defined.** The term of this Easement is thirty (30) years ("Term"), commencing on the date of the last signature affixed to this Agreement, unless earlier terminated, subject to the terms and conditions set forth in this Agreement, and any valid and existing rights.
- 3.2 Renewal of the Easement.** Lessee shall have the option to renew this Easement and Lessee may exercise this option by providing written notice of its election to renew at any time within six (6) months but not later than (30) days prior to the Termination Date of the Initial Term of this Easement. Lessee shall not be entitled to renew if it is in default under the terms of this Easement or other agreement with Surface Owner at the time the option to renew is exercised. The terms and conditions of any renewal Term shall be renegotiated under the conditions, rules and laws in effect at the time of renewal. The Parties shall have sixty (60) days to come to agreement on the conditions and value of the easement after Surface Owner's receipt of Lessee's notice of intent to renew. After the aforementioned six-month period, Lessee's option to renew shall be null and void and the Easement shall terminate at the conclusion of this Agreement's Term.

SECTION 4 RENT/ PAYMENTS

All payments are final. There shall be no pro-rata reimbursement of any payments hereunder should the Easement outlined under this Agreement terminate before its Term has lapsed.

- 4.1 Rental Payment.** Lessee shall pay a single use payment for the initial Term in the amount of [REDACTED] (Administrative Cost Recovery). Payment is due when Lessee returns this Agreement to Surface Owner appropriately signed and notarized. Surface Owner shall be entitled to additional compensation for any additional Use or User outside the scope of this Easement. Use or User shall not be construed to include affiliates or joint venturers of Lessee so long as the Use or User remains within the scope of this Easement. For purposes of this Agreement,
- (a) "affiliate" means any entity under common control with Lessee, or under control of Lessee. Control for purposes of this Agreement means 80% or more of the voting interests of the entity being held by the controlling entity.
- (b) "joint venturer" means a party to an operating agreement, including pooled parties pursuant to state regulations, with respect to a Wellsite located on the Burdened Property.
- 4.2 Administrative Costs.** In approving a request to apportion, assign, or transfer an interest in this Easement, Surface Owner shall be entitled to charge for administrative costs for approving the transfer.

- 4.3 Non-Waiver.** Surface Owner's acceptance of a payment shall not be construed to be a waiver of any preceding or existing breach other than the failure to pay the particular payment that was accepted.

SECTION 5 NOTIFICATION OF ACTIVITIES

- 5.1** All notifications shall reference the Easement number and the location of Lessee's activity. Notification of activities covered under this Section shall be in writing, which may include email, and be deemed sufficient if made solely to Surface Owner's Northeastern Region Habitat Manager or Petroleum Biologist. The respective time periods required between notification and commencement of activities covered under this Section may be waived in writing, which may include email, by Surface Owner's Northeastern Region Supervisor, Habitat Manager or Petroleum Biologist.
- 5.2** Lessee shall notify Surface Owner:
- (a) at least Twenty-Four (24) hours prior to any major repair contemplated in Subsection 2.5(a) of Lessee's facilities during Seasonal Closure, if such repair requires the use of heavy equipment such as backhoes or other mechanized earth-moving equipment, heavy boom trucks, or cranes.
- (b) within five (5) business days after the start of emergency activities during Seasonal Closure, said activities contemplated in Subsection 2.5(b).
- 5.3** Regardless of Seasonal Closure restrictions, Lessee shall notify Surface Owner at least three (3) days prior to excavation of any previously reclaimed site, except in cases where such excavation takes place as a result of emergency activities contemplated in Subsection 2.5(b), in which case notification shall take place within five (5) days after the start of emergency activities.
- 5.4** Should future conditions be such that Surface Owner determines there is little wildlife-monitoring value facilitated by Lessee's prior notification, the Parties may amend this Agreement and terminate the prior notification requirements of this Section, to the extent the Parties may mutually agree in writing at the time.

SECTION 6 CONSTRUCTION, MAINTENANCE AND REPAIR OF EASEMENT AND IMPROVEMENTS AND TRADE FIXTURES

- 6.1 Lessee's Activities.** Lessee shall conduct its construction, maintenance and repair operations in accordance with the Surface Use Plan attached as Exhibit E; however, should any provisions of the Surface Use Plan conflict with any provision set forth in the body of this Agreement, the provision in the body of this Agreement shall govern. Lessee shall promptly repair, at its sole cost, all damages to the Burdened Property, and to any improvements, or natural resources such as soil or vegetation resources, thereon which are caused by Lessee's activities. Lessee shall take all reasonable precautions to protect the Burdened Property and any improvements thereon. Any damage to natural resources which are excessive or unnecessary shall be paid to Surface Owner at a price or cost determined by bids or estimates of the cost of repair. All work performed by Lessee shall be completed in a careful and workman-like manner to Surface Owner's satisfaction, free of any claims or liens. Upon completion of any work performed by Lessee, Lessee shall remove all debris and restore the Burdened Property, as nearly as practicable, to the condition it was in prior to commencement of the work. Lessee shall notify Surface Owner in writing within five (5) days after completion of work, to allow Surface Owner to inspect the work.
- 6.2 Waste.** Lessee shall commit no waste on the Burdened Property and will make reasonable efforts to keep the property clean. Lessee shall not cause any filling activity on the Burdened Property. This prohibition includes any deposit of rock, earth, ballast, refuse, garbage, waste matter (including chemical, biological or toxic wastes), hydrocarbons, any other pollutants, or other matter in or on the Burdened Property,

except as provided under this Agreement or approved in writing by Surface Owner. Ordinary waste committed by third parties on the Burdened Property shall be removed by Lessee, at Lessee's cost. If Lessee fails to comply with this Subsection, Surface Owner may take any steps reasonably necessary to remedy such failure, subject to the notice and right to cure provisions of Section 11. Upon demand by Surface Owner, Lessee shall pay all costs of such remedial action, including, but not limited to the costs of removing and disposing of any material deposited improperly on the Burdened Property. This section shall not in any way limit Lessee's liability under Section 9 below.

- 6.3 Weed Control.** Lessee shall monitor the Burdened Property for noxious weeds, and shall promptly eradicate, at Lessee's own cost, all noxious weeds on the Burdened Property. Lessee shall also control at its own cost any infestation that has spread beyond the boundaries of the Burdened Property if such infestation is reasonably deemed by Surface Owner to have originated on, and spread from, the Burdened Property as evidenced by weed colonization on the Burdened Property and patterns of weed colonization local to the Burdened Property. Such weed control shall comply with the Utah Noxious Weed Act, any Administrative Rules promulgated therefrom, and County noxious weed control programs. Lessee shall consult with Surface Owner regarding Lessee's control of noxious weeds on the Burdened Property. All methods of chemical weed control shall require prior review and approval of Surface Owner prior to Lessee implementing said chemical control. No aerial spraying without prior approval by Surface Owner is permitted. All earth-moving equipment shall be thoroughly cleaned of soil and other materials that may harbor noxious weed seeds prior to being moved onto Surface Owner's property. If Lessee fails to take action to control noxious weeds within five (5) days following notice from Surface Owner, Surface Owner may undertake control measures, and Lessee shall reimburse Surface Owner upon demand for all costs incurred in implementing such measures. Lessee will continue to be responsible for noxious weed control on the Burdened Property after termination of the Easement until Surface Owner is satisfied with the results and has in written notification released Lessee from its weed control obligations, which notification shall not be unreasonably withheld.
- 6.4 Installation Specifications.** Where improvements are buried, they shall be buried at a minimum depth of three (3) feet below the surface of the Burdened Property. For installations within roadways, the improvements shall be buried at a minimum depth of three (3) feet below the road surface or three (3) feet below the bottom of the ditch, whichever applies. Surface Owner reserves the right to inspect the open trench during construction to ensure compliance with the installation specifications.
- 6.5 Pre-construction.** Forty-Eight (48) hours prior to commencement of the activities associated with installation of the facilities within the Easement granted herein, Lessee shall notify Surface Owner's Appropriate Regional Habitat Manager to advise of the activities that will occur and an estimated time frame for said activities as depicted on the relevant Exhibit describing said construction on the Burdened Property. Thirty (30) days prior to any subsequent construction or reconstruction by Lessee on the Burdened Property, Lessee shall submit a written plan of construction to Surface Owner's Appropriate Regional Habitat Manager outlining the construction or activity for Surface Owner's approval. During the course of construction, operations, or maintenance, Lessee shall minimize soil erosion and damage to soil. Lessee will not remove any timber or other valuable materials, including, but not limited to, those materials identified or sold as valuable materials, from the Burdened Property until Lessee has received the appropriate permits or other written approval from Surface Owner to remove such valuable materials and has made provisions to compensate Surface Owner for the value of the valuable materials.
- 6.6 Road Maintenance.** Maintenance is defined as work normally necessary to preserve and keep the road in satisfactory and functional repair.
- (a) Lessee herein is responsible for maintaining any roads on Surface Owner's property used in conjunction with this Agreement; however, the cost of performance of road maintenance and resurfacing shall be allocated on the basis of respective users of said roads. Where one or more authorized party(ies) uses a road, or portion thereof, those

parties shall perform or cause to be performed, or contribute or cause to be contributed, that share of maintenance and resurfacing occasioned by such use as hereinafter provided. During periods when a road is being used solely by one party, such party shall maintain that portion of said road so used to the standards equal to or better than those existing at the time use is commenced; provided Surface Owner reserves the right to make reasonable regulations concerning priority of use and maintenance of said roads by it and others.

(b) During periods when more than one party is using the same road, or any portion thereof, the parties hereto shall meet and establish necessary maintenance provisions. Such provisions shall include, but shall not be limited to:

(1) The appointment of a maintainer, which may be one of the Parties hereto or any third party, who will perform or cause to be performed at a reasonable and agreed upon rate the maintenance and resurfacing of the road or the portion thereof being used; and

(2) A method of payment by which each party using said road or a portion thereof, shall pay its pro rata share of the cost incurred by said maintainer in maintaining or surfacing said road or portion thereof.

- 6.7 Road Repair.** Lessee shall repair or cause to be repaired at its sole cost and expense that damage to roads used under this Easement in excess of that caused by normal and prudent usage of said roads. Should damage be caused by an unauthorized user, the cost of repair shall be treated as ordinary maintenance and handled as set forth above. Lessee may add or replace gravel on road surfaces on the Burdened Property, but shall not pave any portion of the road without Surface Owner's written consent.
- 6.8 Road Restoration.** If Lessee fouls the surfacing by dragging earth from sides or other sources across the road and onto the surface portion of the road, Lessee shall resurface that portion so affected at its sole cost and expense. Where the Easement crosses existing roads, Lessee shall restore roads as near as practicable to their original condition, if any damage occurs to those roads during Lessee's use of this Easement.
- 6.9 Road Improvements.** Unless the Parties agree in writing to share the cost of improvements, improvements shall be at the sole expense of the improver.
- 6.10 Road Relocation.** Surface Owner may request the relocation of a road in order to protect wildlife, soil, or vegetation resources or minimize damage thereto, so long as the new location does not unreasonably interfere with Lessee's rights herein. The costs of such relocation shall be divided as negotiated and agreed by the Parties.
- 6.11 Resource Damage.** Lessee shall take all reasonable precautions to protect Surface Owner-owned crops and trees. Lessee shall report to Surface Owner any visible resource damage, illegal dumping, or any other change in condition on the Burdened Property that is observed from Lessee's observations of the Easement.

SECTION 7 INTERFERENCE

Lessee shall exercise its rights under this Agreement so as not to unreasonably interfere with Surface Owner's use of the Burdened Property or with the public's ability to use Surface Owner's lands for purposes of lawful recreation, except during periods of construction of Lessee's facilities. Any improvements and trade fixtures constructed by Lessee on the Burdened Property shall be placed and constructed so as to allow reasonably unobstructed movement over and across the Burdened Property.

SECTION 8 COMPLIANCE WITH LAWS

Lessee shall comply with all applicable laws, including all Surface Owner's rules and regulations, and state, county and municipal laws, ordinances, or regulations in effect. Lessee shall obtain and be in possession of all permits and licenses required for the authorized use of the Easement and shall provide proof of such permits/licenses upon request by Surface Owner.

SECTION 9 ENVIRONMENTAL LIABILITY/RISK ALLOCATION

- 9.1 Definition.** "Hazardous Substance" means any substance which now or in the future becomes regulated or defined under any federal, state, or local statute, ordinance, rule, regulation, or other law relating to human health, environmental protection, contamination or cleanup, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. 9601, et seq.
- 9.2 Use of Hazardous Substances.** Lessee covenants and agrees that Hazardous Substances will not be used, stored, generated, processed, transported, handled, released, or disposed of in, on, under, or above the Burdened Property, except in accordance with all applicable local, state, and federal laws.
- 9.3 Current Conditions, Duty of Utmost Care, and Duty to Investigate.**
- (a) Surface Owner makes no representation about the condition of the Burdened Property. Hazardous Substances may exist in, on, under, or above the Burdened Property.
- (b) Lessee shall exercise the utmost care with respect to both Hazardous Substances in, on, under, or above the Burdened Property, and any Hazardous Substances that come to be located in, on, under or above the Burdened Property during the Term of this Agreement, along with the reasonably foreseeable acts or omissions of third parties affecting those Hazardous Substances, and the reasonably foreseeable consequences of those acts or omissions. The obligation to exercise utmost care under this Subsection 9.3 includes, but is not limited to, the following requirements:
- (1) Lessee shall not undertake activities that will cause, contribute to, or exacerbate contamination of the Burdened Property;
 - (2) Lessee shall not undertake activities that damage or interfere with the operation of remedial or restoration activities on the Burdened Property;
 - (3) Lessee shall not undertake any activities that result in the mechanical or chemical disturbance of Burdened Property habitat mitigation, except as reasonably necessary for Lessee's use and occupancy of the Burdened Property, and in such instances will notify Surface Owner prior to undertaking such activities; and
 - (4) Lessee shall allow access to the Burdened Property by employees and authorized agents of the Environmental Protection Agency, the State of Utah or other similar environmental agencies.
- (c) It shall be Lessee's obligation to gather sufficient information to its satisfaction concerning the Burdened Property and the existence, scope and location of any Hazardous Substances on the Burdened Property, or on adjoining property (to the extent reasonably discoverable or ascertainable), as required for Lessee to effectively meet its obligations to comply with all applicable laws regarding such Hazardous Substances.

9.4 Notification and Reporting.

- (a) Lessee shall immediately notify Surface Owner if Lessee becomes aware of any of the following:
- (1) A release or threatened release of Hazardous Substances in, on, under or above the Burdened Property, any adjoining property, or any other property subject to use by Lessee in conjunction with its use of the Burdened Property;
 - (2) Any actual or alleged violation of any federal, state, or local statute, ordinance, rule, regulation, or other law pertaining to Hazardous Substances with respect to the Burdened Property, any adjoining property, or any other property subject to use by Lessee in conjunction with its use of the Burdened Property, in the event Lessee observes or is notified of such violations;
 - (3) Any lien or action with respect to any of the foregoing; or
 - (4) Any notification from the U.S. Environmental Protection Agency (EPA) or the State of Utah that remediation or removal of Hazardous Substances is or may be required at the Burdened Property.
- (b) Lessee shall, at Surface Owner's request, provide Surface Owner with copies of all reports, studies, or audits which pertain to the Burdened Property, and which are or were prepared by or for Lessee and submitted to any federal, state, or local authorities as required by any federal, state, or local permit, license, or law. These reports or permits may include, but are not limited to, any National or State Pollution Discharge Elimination System Permit, any Army Corps of Engineers permit, any Hydraulics Project Approval or any Water Quality Certification.

9.5 Indemnification. Lessee shall fully indemnify, defend, and hold Surface Owner, its director, managers, employees and agents harmless from and against any and all claims, demands, damages, damages to natural resources such as soil, water, vegetation, and wildlife, response costs, remedial costs, cleanup costs, losses, liens, liabilities, penalties, fines, lawsuits, other proceedings, costs, and expenses (including attorney's fees and disbursements), that arise out of or are in any way related to:

- (a) The use, storage, generation, processing, transportation, handling, or disposal of any Hazardous Substance by Lessee, its contractors, agents, employees, guests, invitees, or affiliates in, on, under, or above the Burdened Property, any adjoining property, or any other property subject to use by Lessee in conjunction with its use of the Burdened Property, during the term of this Easement or during any time when Lessee occupies or occupied the Property.
- (b) The release or threatened release of any Hazardous Substance in, on, under, or above the Burdened Property, any adjoining property, or any other property subject to use by Lessee in conjunction with its use of the Burdened Property, which release or threatened release occurs or occurred during the term of this Easement or during any time when Lessee occupies or occupied the Burdened Property or any such other property and as a result of:
 - (1) Any act or omission of Lessee, its contractors, agents, employees, guests, invitees, or affiliates; or
 - (2) Any reasonably foreseeable act or omission of a third party unless Lessee exercised the utmost care with respect to the reasonably foreseeable acts or omissions of the third party and the reasonably foreseeable consequences of those acts or omissions.
- (c) A breach of the obligations of Subsection 9.3, above, by Lessee, its contractors, agents, employees, guests, invitees, or affiliates.

9.6 Cleanup. If a release of Hazardous Substances occurs in, on, under, or above the Burdened Property or other Surface Owner-owned property arising out of any action, inaction, or event described or referred to in Subsection 9.5 above, Lessee shall, at its sole expense, promptly take all actions necessary or advisable to clean up the Hazardous Substances. Cleanup actions shall include, without limitation, resource restoration, mitigation, removal, containment and remedial actions and shall be performed in accordance with all applicable laws, rules, ordinances, and permits. Lessee's obligation to undertake a cleanup of the Burdened Property under this Subsection 9.6 shall be limited to those instances where the Hazardous Substances exist in amounts that exceed the threshold limits of any applicable federal, state and local regulatory cleanup standards, or where it is determined that there will be continuing damages to natural resources in the absence of a cleanup action. Lessee shall also be solely responsible for all cleanup, administrative, and enforcement costs of governmental agencies, including natural resource damage claims arising out of any action, inaction, or event described or referred to in Subsection 9.5, above. Lessee may take reasonable and appropriate actions without advance approval in emergency situations.

9.7 Sampling by Surface Owner, Reimbursement, and Split Samples.

(a) Surface Owner may conduct sampling, tests, audits, surveys or investigations ("Tests") of the Burdened Property at any time to determine the existence, scope, or effects of Hazardous Substances on the Burdened Property, any adjoining property, or any other property subject to use by Lessee in conjunction with its use of the Burdened Property. If such Tests indicate the existence, release or threatened release of Hazardous Substances arising out of any action, inaction, or event described or referred to in Subsection 9.5, above, Lessee shall promptly reimburse Surface Owner for all costs associated with such Tests.

(b) Surface Owner's ability to seek reimbursement for any Tests under this Subsection shall be conditioned upon Surface Owner providing Lessee written notice of its intent to conduct any Tests at least thirty (30) calendar days prior to undertaking such Tests, unless such Tests are performed in response to an emergency situation, in which case Surface Owner shall only be required to give such notice as is reasonably practical.

(c) Lessee shall be entitled to split samples of any Test samples obtained by Surface Owner. The additional cost of any split samples shall be borne solely by Lessee. Any additional costs Surface Owner incurs by virtue of Lessee's split sampling shall be reimbursed to Surface Owner within thirty (30) calendar days after a bill for such costs is sent to Lessee.

9.8 Contamination Investigation.

(a) If Surface Owner has reason to believe that a release or threatened release of Hazardous Substances has occurred on the Burdened Property during Lessee's occupancy, Surface Owner may require Lessee to conduct a Closeout Environmental Assessment (Closeout Assessment) by providing Lessee with written notice of this requirement no later than ninety (90) calendar days prior to the Easement termination date, or within ninety (90) days of any valid notice to terminate the easement earlier than originally agreed. The purpose of the Closeout Assessment shall be to determine the existence, scope, or effects of any Hazardous Substances on the Burdened Property and any associated natural resources. If the initial results of the Closeout Assessment disclose the existence of Hazardous Substances that may have migrated to other property, Surface Owner may require additional Closeout Assessment work to determine the existence, scope, and effect of any Hazardous Substances on adjoining property, any other property subject to use by Lessee in conjunction with its use of the Burdened Property, or on any associated natural resources. The Closeout Assessment may include Sediment Sampling as well as any additional testing requirements Surface Owner may require based on changes in scientific, statutory, or regulatory standards for information concerning the activities of Lessee, its contractors, agents, employees, guests, invitees, or affiliates.

(b) Prior to undertaking the Closeout Assessment, Lessee shall submit a proposed plan in writing for Surface Owner's approval. The plan shall be provided to Surface Owner within thirty (30) days of Surface Owner's notice requiring the Closeout Assessment. If Surface Owner fails to respond in writing, either approving or disapproving of the proposed plan, within thirty (30) days of its receipt, the proposed plan shall be deemed approved. Lessee shall be responsible for all costs required to complete planning, sampling, analyzing, and reporting associated with the Closeout Assessment.

9.9 Reservation of Rights. The Parties have agreed to allocate certain environmental liabilities by the terms of Section 9. With respect to those environmental liabilities covered by the indemnification provisions of Subsection 9.5, that subsection shall exclusively govern the allocation of those liabilities. With respect to any environmental liabilities not covered by Subsection 9.5, the Parties expressly reserve and do not waive or relinquish any rights, claims, immunities, causes of action or defenses relating to the presence, release, or threatened release of Hazardous Substances in, on, under or above the Burdened Property, any adjoining property or any other property subject to use by Lessee in conjunction with its use of the Burdened Property that either Party may have against the other under federal, state or local laws, including but not limited to, CERCLA, MTCA, and the common law. No right, claim, immunity, or defense either party may have against third parties is affected by this Easement and the Parties expressly reserve all such rights, claims, immunities, and defenses. The allocations of risks, liabilities, and responsibilities set forth above do not release Lessee from or affect Lessee's liability for claims or actions by federal, state, or local regulatory agencies concerning Hazardous Substances.

9.10 Impacts to Wildlife. Lessee, its employees, contractors, successors and assigns shall make reasonable and good faith efforts to protect any legally protected wildlife to the best of their knowledge and ability. Lessee shall report to Surface Owner any harm or threats to harm or harass any legally protected wildlife should Lessee become aware of such harm or threats to harm or harass legally protected wildlife in the ordinary course of its operations on the Burdened Property.

SECTION 10 PRESERVATION OF SURVEY CORNERS

Lessee shall exercise reasonable care to ensure that all legal land subdivision survey corners and witness objects are preserved. If any survey corners or witness objects are destroyed or disturbed by Lessee, Lessee shall reestablish them by a registered professional engineer or licensed land surveyor in accordance with US General Land Office standards, at Lessee's own expense. Corners and/or witness objects that must necessarily be disturbed or destroyed in the process of construction of improvements and trade fixtures must be adequately referenced and/or replaced in accordance with all applicable laws and regulations in force at the time. The references must be approved by Surface Owner prior to removal of the survey corners and/or witness objects.

SECTION 11 TERMINATION OF EASEMENT

11.1 Termination for Cause. This Easement shall terminate if Lessee receives notice from Surface Owner that Lessee is in material breach of this Easement and Lessee fails to cure that breach within ninety (90) days of Surface Owner's notice, or such longer period as may be required under the circumstances as approved by Surface Owner. If the breaching party fails to correct such breach or fails to diligently undertake efforts to cure such breach within such period, Surface Owner may terminate this Easement without further notice; provided, however, such termination shall not release the breaching party from liability for damage prior to such termination. In addition to terminating this Easement, Surface Owner shall have any other remedy available to it. Surface Owner's failure to exercise its right to terminate at any time shall not waive Surface Owner's right to terminate for any future breach.

11.2 Termination for Non-Use.

(a) Lessee shall submit to Surface Owner a summary report of Lessee's use of the Easement within thirty (30) days of the first anniversary of this Agreement, and an annual report thereafter, along with a fee of One Hundred Dollars (\$100) for Surface Owner's administration of this Easement; Surface Owner reserves the right to recoup from Lessee additional reasonable administrative costs if Surface Owner's costs are significantly in excess of One Hundred Dollars (\$100).

(b) Any portion of the Easement that is determined to be unused or abandoned pursuant to this paragraph shall terminate. Lessee shall upon request of Surface Owner execute a release of interest in the portion abandoned under the provisions of this Section. Under the non-use clause, Lessee shall be responsible for surface reclamation and restoration of the Burdened Property in accordance with Section 12 of this Agreement. Any portion of this Easement that is so described by the following conditions shall be deemed to be unused and abandoned:

(1) Within 365 days of the date of execution of this Agreement, Lessee fails to commence construction and installation of the infrastructure authorized under this Easement, unless otherwise waived by Surface Owner in writing;

(2) Within two (2) years of the date of execution of this Agreement, Lessee does not obtain production of oil or gas from Lessee's oil and gas interests which relate to the Burdened Property, unless otherwise waived by Surface Owner in writing; or

(3) If after establishing production, Lessee suspends production or operations for the drilling or reworking of a well on Lessee's oil and gas interests for a period longer than thirty-six (36) consecutive months, unless otherwise waived by Surface Owner in writing.

11.3 Voluntary Termination. This Easement may also terminate as to all or part of the Burdened Property if Lessee has satisfied its outstanding obligations as to the part to be relinquished, provides Surface Owner with sixty (60) days written notice of its intent to terminate, and executes a release of interest to the portion terminated in recordable form. Lessee shall not be entitled to a refund for any relinquishment.

11.4 Lessee's Obligations. Lessee obligations not fully performed upon termination shall continue until fully performed.

SECTION 12. RECLAMATION

12.1 Timing. As soon as practicable, following the construction of improvements and trade fixtures, or termination of the Easement, all disturbed land, other than access road driving surfaces for those portions of the Easement not terminated, will be recontoured to the approximate natural contours.

12.2 Soil. During construction of wellsites, access roads, and pipelines, any and all topsoil moved or removed will be stockpiled and preserved for present and future project area restoration. Soil from the right of way shall not enter any live stream or open water.

12.3 Revegetation. Lessee will re-establish a successful vegetation cover by reseeding with a seed mixture of shrubs, forbs, and grasses, as specified by Surface Owner. Lessee will not be released from this obligation until Surface Owner has inspected the site for two (2) years following construction and reclamation, and has made a determination that the re-vegetation is successful, or such time thereafter until re-vegetation has become successful.

12.4 Unauthorized Travel. In consultation with Surface Owner, Lessee will undertake reasonable measures, including the placement of signage, cattle guards, trenches, barrier rock or other obstacles, to restrict unauthorized motorized travel, including that of third parties, on or across the Burdened Property. If such measures are not effective in

controlling unauthorized motorized travel, Lessee will consult with Surface Owner on additional measures that may be required to restrict such unauthorized motorized travel on the Burdened Property.

- 12.5 Failure to Reclaim.** Surface Owner shall have the right, subject to at least sixty (60) days prior notice and a right to cure, to use funds from Lessee's surety bond to complete reclamation or restoration if Lessee fails to do so.

SECTION 13 OWNERSHIP AND REMOVAL OF IMPROVEMENTS, TRADE FIXTURES, AND EQUIPMENT

- 13.1 Improvements.** No Lessee-Owned improvements, other than appurtenances for the rights herein granted, shall be placed on the Burdened Property without Surface Owner's prior written consent.
- 13.2 Ownership of Improvements and Trade Fixtures.** Except as provided herein, Lessee shall retain ownership of all improvements and trade fixtures it may place on the Burdened Property (collectively "Lessee Owned Improvements"). Lessee-Owned Improvements shall not include any construction, reconstruction, alteration, or addition to any Unauthorized Improvements as defined in Subsection 13.5 below.
- 13.3 Construction.** Issuance of this Easement shall constitute authorization to undertake the initial construction work specified in that agreement without the need for further notice. Subsequent alterations, significant repairs, or new construction shall require advance notice to Surface Owner as contemplated in Section 5.
- 13.4 Removal.** Lessee-Owned improvements and trade fixtures that have been installed above or below ground shall be removed by Lessee by the Termination Date unless Surface Owner notifies Lessee in writing that such may remain. If Surface Owner elects to have such above ground improvements remain on the Burdened Property after the Termination Date, they shall become the property of Surface Owner without payment by Surface Owner. If Lessee wishes to leave improvements on the Burdened Property upon expiration of the Easement, Lessee shall notify Surface Owner of such intent at least one hundred eighty (180) days before the Termination Date. Surface Owner shall then have ninety (90) days in which to notify Lessee whether Surface Owner elects to have the improvements removed or to have them remain. Failure to notify Lessee shall be deemed an election by Surface Owner for the improvements to be removed from the Burdened Property. If the improvements remain on the Burdened Property after the Termination Date without Surface Owner's actual or deemed consent, Surface Owner may remove them at Lessee's expense. Surface Owner may require Lessee to abandon improvements and/or trade fixtures, rather than remove them. Such abandonment shall be undertaken in accordance with a plan approved by Surface Owner. Abandonment of buried facilities should be performed in accordance with the appropriate regulations and any applicable permits. Should Surface Owner elect to allow any part of Lessee's improvements or trade fixtures to remain affixed to the Burdened Property, Lessee shall make a diligent and good-faith effort to clean the improvements or trade fixtures using the best industry practices and technologies available at the time, as directed by Surface Owner, in order to minimize as much as reasonably practical, environmental contaminants left on or in the Burdened Property.
- 13.5 Unauthorized Improvements.** Improvements made on the Burdened Property without Surface Owner's prior written consent are not authorized ("Unauthorized Improvements"). Surface Owner may, at its option, require Lessee to sever, remove, and dispose of them or allow them to remain upon amendment of this Agreement, at which time all provisions of this Agreement shall apply to the Unauthorized Improvements unless otherwise explicitly stated in the amendment. If Lessee fails to remove an Unauthorized Improvement within sixty (60) days of notification by Surface Owner, Surface Owner may remove the Unauthorized Improvements and charge Lessee for the cost of removal and disposal.

SECTION 14 INDEMNITY

Lessee agrees to protect, indemnify, save and hold harmless Surface Owner, its agents and employees, from and against all claims, demands, damages, and causes of action of every kind or character on account of bodily injuries, death, or damage to property arising because of, for, out of, or in any way connected with the performance of Lessee under this Agreement, except where such injury, death, or damage has resulted from the sole negligence of Surface Owner without negligence or willful act on the part of Lessee, its agents, employees, or subcontractors. Lessee shall defend all suits brought upon such claims and pay all costs and expenses incidental thereto, but Surface Owner shall have the right, at its option, to participate in the defense incidental thereto without relieving Lessee of any obligation hereunder. Lessee's liability to Surface Owner for hazardous substances, and its obligation to indemnify, defend, and hold Surface Owner harmless for hazardous substances, shall be governed exclusively by Section 9.

SECTION 15 FINANCIAL SECURITY

- 15.1 Bonding.** At its own expense, Lessee shall procure and maintain a non-cancellable corporate surety bond or provide other financial security satisfactory to Surface Owner (the "Bond") in an amount equal to Forty-Nine Thousand Nine Hundred Dollars (\$49,900.00), said amount equivalent to One-Hundred and Fifteen percent (115%) of the estimated reclamation costs of the authorized improvements less materials, said estimated costs represented by Lessee, to be placed on or in the Burdened Property, which shall secure Lessee's full performance of its obligations under this Agreement. The amount of this bond shall not be deemed to limit any liability of Lessee. The Bond shall be in a form and issued by a surety company acceptable to Surface Owner. Lessee shall maintain the Bond so long as it uses the Easement. The Bond shall be in effect even if Lessee has conveyed all or part of the easement interest to a sublessee, assignee, or subsequent operator until Lessee fully satisfies its obligations, or until the Bond is replaced with a new bond posted by the sublessee assignee or subsequent operator. Said Bond at the date of execution of this Agreement is issued by RLI Insurance Company and is identified as Bond Number RLB0014871 (see Exhibit F).
- 15.2 Bond Increase.** Lessee agrees that, for the causes stipulated below, at any time during the term of this Easement, Surface Owner may require that the amount of an existing Bond be increased in a sum described below, said Bond to be conditioned upon full compliance with all terms and conditions of this Agreement and the rules relating hereto.
- (a) **Inflation.** Surface Owner has the option of requiring the value of the Bond to be adjusted to compensate for inflationary pressures on the dollar. The amount of adjustment shall be determined through the use of the Bureau of Labor Statistics Western Region Urban Consumer Price Index ("Western Region CPI-U"). Said adjustments shall reference the year 2011 Western Region CPI-U, and shall be directly proportional to the percent change in Western Region CPI-U between the year 2011 and the year preceding the date of adjustment.
- (b) **Additional Improvements.** Surface Owner has the option of requiring increases in the Bond value for additional improvements authorized under amendments to this Agreement, the increases to be in an amount equivalent to 115% of the estimated costs of construction of said improvements, less materials.
- 15.3 Default.** Upon any default by Lessee in its obligations under this Agreement, Surface Owner may collect on the Bond to offset the liability of Lessee to Surface Owner, subject to the notice and right to cure provisions in Sections 11 and 12 herein. Collection on the Bond shall not relieve Lessee of liability, shall not limit any of Surface Owner's other remedies, and shall not rein Surface Owner or cure the default or prevent termination of the Easement because of the default. Should the cost of Lessee's obligations exceed the value of the Bond, Lessee, its successors and assigns, shall be liable for the costs over and above the bonded amount.

SECTION 16 TAXES AND ASSESSMENTS

Lessee shall promptly pay all taxes, assessments and other governmental charges of any kind whatsoever levied as a result of this Easement or relating to Lessee's improvements and trade fixtures constructed pursuant to this Easement.

SECTION 17 ADVANCES BY SURFACE OWNER

If Surface Owner advances or pays any costs or expenses for or on behalf of Lessee, including, but not limited to taxes, assessments, insurance premiums, costs of removal and disposal of unauthorized materials, costs of removal and disposal of improvements and trade fixtures, or other amounts not paid when due, Lessee shall reimburse Surface Owner the amount paid and shall pay interest on such amount at the rate of one percent (1%) per month from the date Surface Owner notifies Lessee of the advance or payment.

SECTION 18 NOTICE

Except as provided in Section 5 of this Agreement, any notices required or permitted under this Agreement shall be in writing and personally delivered or mailed by certified mail, return receipt requested, to the following addresses or to such other places as the parties may direct in writing from time to time:

Surface Owner
Habitat Section

Utah Division of Wildlife Resources
1594 West North Temple, Suite 2110
Salt Lake City, Utah 84114-6301

AND

Habitat Section
Utah Division of Wildlife Resources
152 East 100 North, Suite 9
Vernal, Utah 84078

Lessee

Appaloosa Operating Company
Attn: Scott Straessler
Agent
1776 Woodstead Ct., Suite 121
The Woodlands, TX 77380

A notice shall be deemed given and delivered upon personal delivery, upon receipt of a confirmation report if delivered by facsimile machine, email or three (3) days after being mailed as set forth above, whichever is applicable.

SECTION 19 RESERVATIONS

Surface Owner, its successors and assigns, reserves all ownership of the Burdened Property and profits thereon, and the right of use for any and all purposes that do not unreasonably interfere with the rights granted herein, including the right to keep the Burdened Property open for public use for recreation; the right to remove profits from the Burdened Property; the right at all times to cross and recross the Burdened Property at any place on grade or otherwise; and the right to use the Easement for access to and from the lands owned by Surface Owner on both sides of the Easement. Surface Owner may grant to third parties any and all rights reserved. Once Lessee clears or removes any

vegetation on the Burdened Property as provided in this Agreement, vegetation that is subsequently grown in such cleared areas shall belong to Surface Owner.

SECTION 20 CULTURAL RESOURCES

It is hereby understood and agreed that all treasure-trove, all articles of antiquity, and critical paleontological resources in or upon the Burdened Property or adjacent lands belonging to Surface Owner are and shall remain the property of Surface Owner. Lessee agrees that all costs associated with archeological and paleontological investigations on the Burdened Property that may be required by Surface Owner will be borne by Lessee. Lessee further agrees to cease all activity on the subject lands and immediately notify Surface Owner if any discovery of human remains or a "site" or "specimen," as defined in Section 9-8-302 or 63-73-1 Utah Code Annotated (1953), as amended, is made on the Burdened Property, and continue to cease all construction or maintenance therein until such time as the human remains, "site" or "specimen" in question has been treated to the satisfaction of Surface Owner.

SECTION 21 ASSIGNMENT

- 21.1 Consent of Surface Owner.** Lessee shall not hypothecate, mortgage, assign, transfer or otherwise alienate this Easement, or any interest therein, without the prior written consent of Surface Owner, which shall not be unreasonably withheld. In no case shall such consent operate to relieve Lessee of the responsibilities or liabilities assumed by Lessee hereunder, or be given unless such party is acceptable to Surface Owner and assumes in writing all of the obligations of Lessee under the terms of this Agreement as to the balance of the term thereof, or acquires the rights in trust as security and subject to conditions such as Surface Owner deems necessary. A sublease, conveyance, or assignment must be a sufficient legal instrument, properly executed and acknowledged, and should clearly set forth the easement lease contract number, lands involved, and the name and address of the assignee, and shall include any agreement which transfers control of the Easement to a third party. A copy of the documents subleasing, conveying, or assigning the interest shall be given to Surface Owner prior to Surface Owner's approval or denial of the assignment.
- 21.2 Assignee.** Any assignment shall be in keeping with the purposes of this Easement and may only be made to a party qualified to do business in the State of Utah, and which has authority to operate the said facilities, and which is not in default under the laws of the State of Utah relative to qualification to do business within the State, and is not in default on any previous obligation to Surface Owner.
- 21.3 Costs of Assignment.** A sublease, conveyance, or assignment may not be approved without reimbursement of Surface Owner's administrative costs associated with said sublease, conveyance, or assignment; and payment of the difference between what was originally paid for the permit, lease, or contract and what the division would charge for the permit, lease, or contract at the time the application for sublease, conveyance, or assignment is submitted.
- 21.4 Effective Date of Assignment.** A sublease, conveyance, or assignment shall take effect on the date of Surface Owner's approval of the assignment. On the effective date of any assignment, the assignee is bound by the terms of the lease to the same extent as if the assignee were the original grantee, any conditions in the assignment to the contrary notwithstanding.
- 21.5 Non-Waiver.** The consent of Surface Owner to any one assignment shall not constitute a waiver of Surface Owner's right to consent to subsequent assignments, nor shall consent of Surface Owner to any one assignment relieve any party previously liable as Lessee from any obligations under this Agreement. The acceptance by Surface Owner of payment of rent following an assignment shall not constitute consent to any assignment and Surface Owner's consent shall be evidenced only in writing.

SECTION 22 SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns and shall be a covenant running with the land.

SECTION 23 TIME IS OF THE ESSENCE

TIME IS OF THE ESSENCE as to each and every provision of this Agreement.

SECTION 24 RECORDATION

Lessee shall record this Agreement in the counties in which the Burdened Property is located, at Lessee's sole expense. Lessee shall provide Surface Owner a copy of the public recording. Lessee shall have ninety (90) days from the date of delivery of the final executed Agreement to comply with the requirements of this Section.

SECTION 25 APPLICABLE LAW AND VENUE

This Agreement shall be interpreted and construed in accordance with and shall be subject to the laws of the State of Utah. Any reference to a statute shall mean that statute as presently enacted or hereafter amended or superseded. Lessee consents to suit in the courts of the State of Utah in any dispute arising under the terms of this Agreement or as a result of operations carried on under this Agreement. Service of process in any such action is hereby agreed to be sufficient if sent by registered mail to Lessee at the last known address of Lessee appearing in the records of Surface Owner. Lessee agrees for itself and its successors and assigns that any suit brought by Lessee, its successors or assigns concerning this Agreement may be maintained only in the Utah State District Court of Salt Lake County. In the event of any litigation arising under this Agreement, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred in connection with the litigation, including any appeals.

SECTION 26 MODIFICATION

Any modification of this Agreement must be in writing and signed by the parties. Surface Owner or Lessee shall not be bound by any oral representations of Surface Owner or Lessee. Authorized signatures for Surface Owner may only be provided by the Director or the Director's designee.

SECTION 27 SURVIVAL

Any obligations which are not fully performed upon termination of this Easement shall not cease, but shall continue as obligations until fully performed.

SECTION 28 WAIVER

No Waiver of Conditions by Surface Owner of any default of Lessee or failure of Surface Owner to timely enforce any provision of this Agreement shall constitute a waiver of or constitute a bar to subsequent enforcement of the same or other provisions of this Agreement. No provision in this Agreement shall be construed to prevent Surface Owner from exercising any legal or equitable remedy it may have.

SECTION 29 WATER RIGHTS

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Lessee shall not file an application to appropriate water from the surface or subsurface of Surface Owner's lands unless the application is approved by Surface Owner in writing and is filed in the name of the Surface Owner. All water structures, including impoundment, diversion and conveyance structures or works, used to impound, divert or convey water claimed solely under a Surface Owner water right shall be the property of Surface Owner.

SECTION 30 INVALIDITY

If any provision of this Agreement proves to be invalid, void, or illegal, it shall in no way affect, impair, or invalidate any other provision of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement, effective on the date of the last signature below.

SURFACE OWNER

LESSEE

**STATE OF UTAH
DEPARTMENT OF NATURAL
RESOURCES, DIVISION OF WILDLIFE
RESOURCES**

APPALOOSA OPERATING COMPANY

By: Greg Sheehan
Director of Wildlife Resources
ACTING DIRECTOR

By: Brad Posey
Principal
Appaloosa Operating Company

Date: 12/05/2012

Date: 11-27-12

**Funding Approvals:
Division of Wildlife Resources Fiscal
Management**

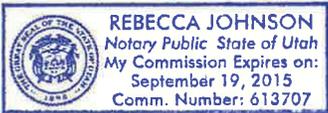
By: Linda Braithwaite
Linda Braithwaite
Budget Officer

Date: 12/4/12

STATE OF UTAH)
) SS.
COUNTY OF SALT LAKE)

70 1672

On this 5th day of December, 2012 personally appeared before me Greg Sheehan, who being first duly sworn said that he is the Director of the Division of Wildlife Resources for the State of Utah, that the foregoing instrument was executed pursuant to authority granted him by The Wildlife Resource Code of Utah (23-21-1), and he acknowledged to me that he executed the same.



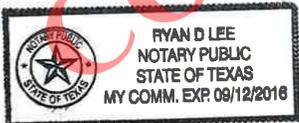
Rebecca Johnson
Notary Public for the State of Utah

Residing at Salt Lake

My commission expires 9/19/2015

STATE OF TEXAS)
CITY AND) SS.
COUNTY OF MONTGOMERY)

On this 27 day of November, 2012, personally appeared before me Brad Posey to me known to be the Principal of Appaloosa Operating Company who executed the within and foregoing instrument, and acknowledged that the execution of the document herein was his free and voluntary act and deed, for the uses and purposes therein mentioned, and gave an oath that he is authorized to execute the within instrument for said corporation.



[Signature]
Notary Public for the State of Texas

Residing at 10101 Grosans Mill Rd.

My commission expires 9/12/16

Exhibit A.1

Legal Description of Burdened Property for Wellsite Appaloosa 7-2-55

**CERTIFIED LEGAL DESCRIPTION
Of Burdened Property for Wellsite APPALOOSA 7-2 5-5**

A TRACT OF LAND LOCATED IN THE NORTHEAST 1/4, SECTION 2, TOWNSHIP 5 SOUTH, RANGE 5 WEST, USB&M, DUCHESNE, UTAH AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING At A Point Which Is Located North 79°01'55"West, A Distance Of 1200.69 Feet From the East 1/4 Corner Of Said Section 2;
 Thence South 84°45'05"West, A Distance Of 36.63 Feet To A Point;
 Thence South 79°00'46"West, A Distance Of 14.97 Feet To A Point;
 Thence North 46°01'12"West, A Distance Of 90.92 Feet To A Point;
 Thence North 46°26'54"West, A Distance Of 125.97 Feet To A Point;
 Thence With A Curve Turning To The Left With An Arc Length Of 152.61 Feet, A Radius Of 480.00 Feet, A Chord Bearing Of North 55°33'24"West, A Chord Length Of 151.97 Feet;
 Thence North 64°39'55"West, A Distance Of 108.50 Feet To A Point;
 Thence North 70°20'55"West, A Distance Of 102.06 Feet To A Point;
 Thence North 72°27'02"West, A Distance Of 58.44 Feet To A Point;
 Thence South 00°48'27"West, A Distance Of 112.15 Feet To A Point;
 Thence With A Curve Turning To The Right With An Arc Length Of 76.60 Feet, A Radius Of 39.68 Feet, A Chord Bearing Of South 56°06'47"West, A Chord Length Of 65.24 Feet;
 Thence North 72°19'04"West, A Distance Of 41.48 Feet To A Point;
 Thence North 69°13'22"West, A Distance Of 276.40 Feet To A Point;
 Thence North 83°14'28"West, A Distance Of 40.43 Feet To A Point;
 Thence With A Curve Turning To The Right With An Arc Length Of 38.77 Feet, A Radius Of 26.04 Feet, A Chord Bearing Of North 40°35'19"West, A Chord Length Of 35.28 Feet;
 Thence North 25°38'26"West, A Distance Of 84.41 Feet To A Point;
 Thence With A Curve Turning To The Right With An Arc Length Of 16.68 Feet, A Radius Of 16.80 Feet, A Chord Bearing Of North 02°48'28"East, A Chord Length Of 16.01 Feet;
 Thence North 11°48'15"East, A Distance Of 125.58 Feet To A Point;
 Thence With A Curve Turning To The Right With An Arc Length Of 43.59 Feet, A Radius Of 42.05 Feet, A Chord Bearing Of North 41°29'49"East, A Chord Length Of 41.66 Feet;
 Thence North 71°39'48"East, A Distance Of 104.59 Feet To A Point;
 Thence North 45°57'24"East, A Distance Of 10.88 Feet To A Point;
 Thence With A Curve Turning To The Right With An Arc Length Of 27.89 Feet, A Radius Of 22.63 Feet, A Chord Bearing Of North 81°15'04"East, A Chord Length Of 26.16 Feet;
 Thence South 74°56'01"East, A Distance Of 51.67 Feet To A Point;
 Thence South 54°27'54"East, A Distance Of 8.54 Feet To A Point;
 Thence South 67°56'09"East, A Distance Of 251.38 Feet To A Point;
 Thence With A Curve Turning To The Right With An Arc Length Of 36.67 Feet, A Radius Of 24.76 Feet, A Chord Bearing Of South 25°30'38"East, A Chord Length Of 33.41 Feet;
 Thence South 10°47'28"West, A Distance Of 47.35 Feet To A Point;
 Thence South 25°39'50"West, A Distance Of 44.49 Feet To A Point;
 Thence South 13°07'33"West, A Distance Of 15.21 Feet To A Point;
 Thence South 72°27'02"East, A Distance Of 65.18 Feet To A Point;
 Thence South 70°20'55"East, A Distance Of 104.78 Feet To A Point;
 Thence South 64°39'55"East, A Distance Of 110.49 Feet To A Point;
 Thence With A Curve Turning To The Right With An Arc Length Of 165.58 Feet, A Radius Of 520.00 Feet, A Chord Bearing Of South 55°32'34"East, A Chord Length Of 164.88 Feet;

DUCH-1209EA-0341
 WSRF W-113-L Segment 23
 EH000341

Exhibit A.1, cont'd

Legal Description of Burdened Property for Wellsite Appaloosa 7-2-55

Thence South 46°26'54"East, A Distance Of 125.87 Feet To A Point;
Thence South 46°01'12"East, A Distance Of 123.59 Feet To A Point;
to the point of **BEGINNING**, having an area of 175,041.86 Square Feet, 4.02 Acres more or less.

[END]

CONFIDENTIAL

Exhibit A.2

Depiction of Appaloosa 7-2-55 Wellsite, Access Road, and Pipeline Corridor

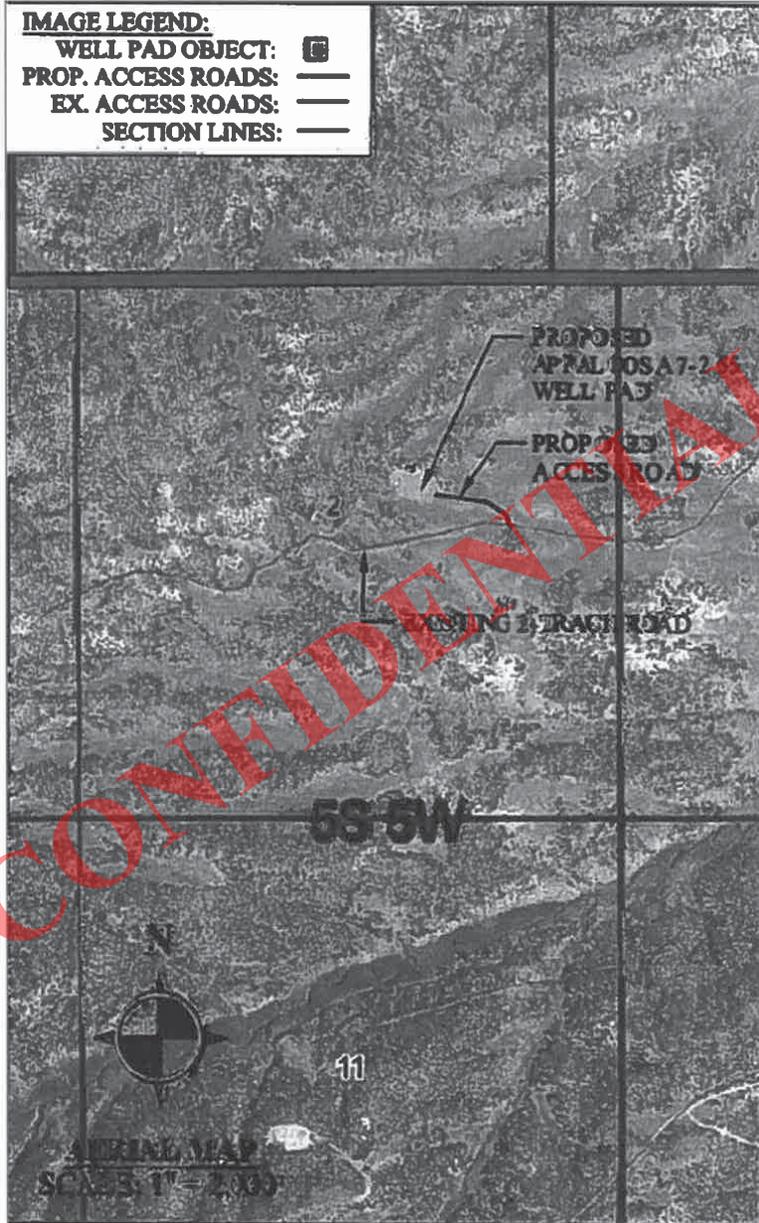


Exhibit A.3
Refined Depiction of Appaloosa 7-2-55 Wellsite

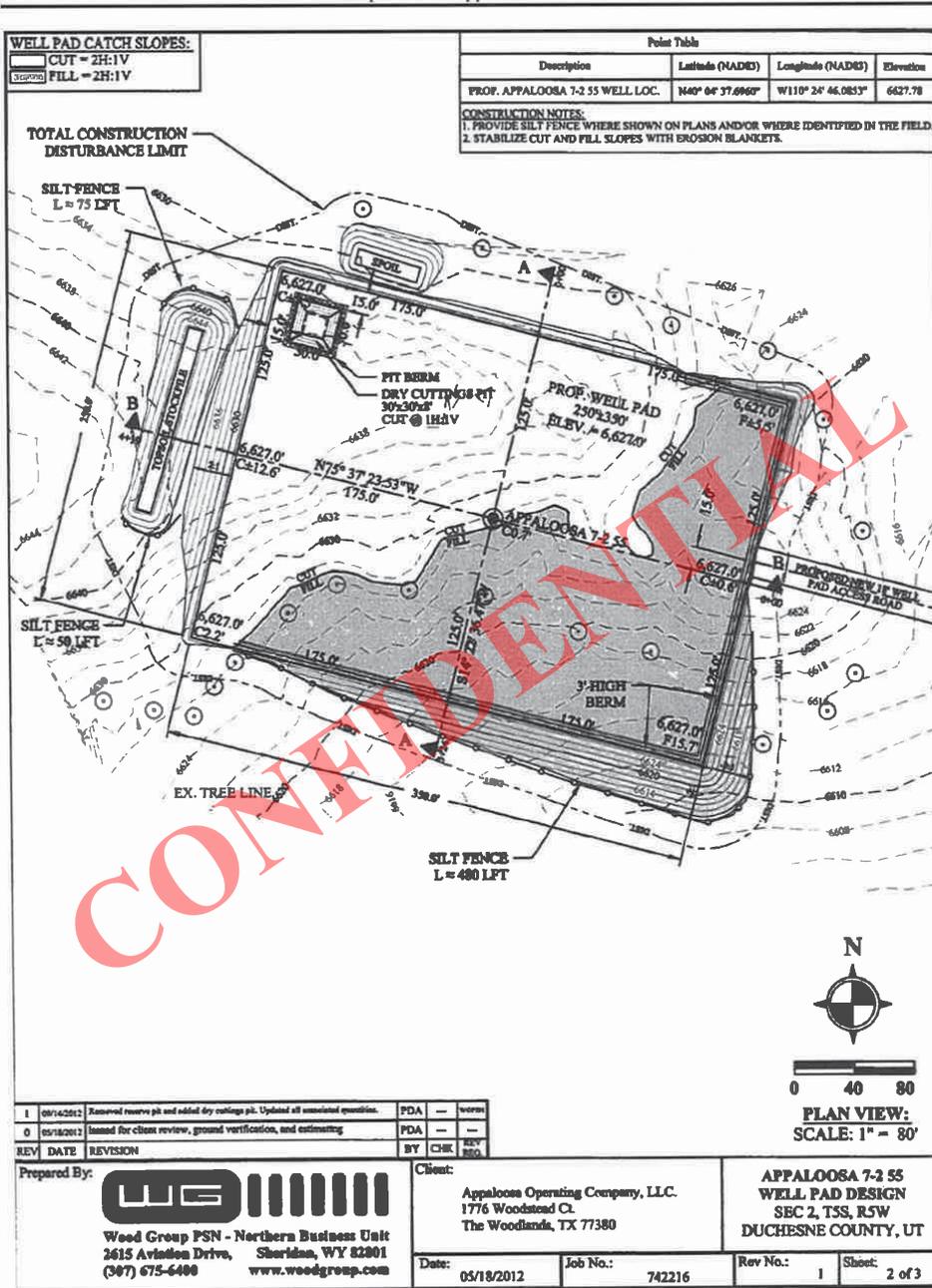


Exhibit B.1

Legal Description of Burdened Property for Wellsite WPS 5-1-55

**CERTIFIED LEGAL DESCRIPTION
Of Burdened Property for Wellsite WPS 5-1 5-5**

A TRACT OF LAND LOCATED IN THE NORTHWEST 1/4, SECTION 1, TOWNSHIP 5 SOUTH, RANGE 5 WEST, USB&M, DUCHESNE, UTAH AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING At A Point Which Is Located North 78°22'31" East A Distance Of 623.60 Feet from the West 1/4 Corner Of Said Section 1 ;
 Thence North 36°08'03" West A Distance Of 146.63 Feet To A Point ;
 Thence North 25°19'43" West A Distance Of 21.44 Feet To A Point ;
 Thence North 12°59'36" West A Distance Of 25.11 Feet To A Point ;
 Thence South 84°17'23" West A Distance Of 112.96 Feet To A Point ;
 Thence With A Curve Turning To The Right With An Arc Length Of 61.19 Feet, With A Radius Of 35.58 Feet, With A Chord Bearing Of North 46°26'46" West , With A Chord Length Of 53.92 Feet;
 Thence South 78°35'10" West A Distance Of 13.63 Feet To A Point ;
 Thence With A Curve Turning To The Right With An Arc Length Of 36.04 Feet, With A Radius Of 20.96 Feet, With A Chord Bearing Of North 52°09'40" West , With A Chord Length Of 31.76 Feet;
 Thence North 00°32'06" West A Distance Of 131.03 Feet To A Point ;
 Thence North 08°26'44" West A Distance Of 119.31 Feet To A Point ;
 Thence North 43°06'22" West A Distance Of 69.30 Feet To A Point ;
 Thence North 87°45'06" West A Distance Of 137.38 Feet To A Point ;
 Thence North 20°23'31" East A Distance Of 64.51 Feet To A Point ;
 Thence South 82°19'30" East A Distance Of 87.23 Feet To A Point ;
 Thence North 86°04'42" East A Distance Of 26.42 Feet To A Point ;
 Thence North 78°41'16" East A Distance Of 49.41 Feet To A Point ;
 Thence North 70°53'26" East A Distance Of 203.58 Feet To A Point ;
 Thence South 21°05'10" East A Distance Of 34.68 Feet To A Point ;
 Thence North 85°44'16" East A Distance Of 65.52 Feet To A Point ;
 Thence With A Curve Turning To The Right With An Arc Length Of 41.68 Feet, With A Radius Of 24.36 Feet, With A Chord Bearing Of South 45°15'10" East , With A Chord Length Of 36.78 Feet;
 Thence South 06°00'50" East A Distance Of 20.46 Feet To A Point ;
 Thence North 85°17'14" East A Distance Of 50.26 Feet To A Point ;
 Thence With A Curve Turning To The Right With An Arc Length Of 54.63 Feet, With A Radius Of 28.60 Feet, With A Chord Bearing Of South 39°59'12" East , With A Chord Length Of 46.70 Feet;
 Thence South 00°54'08" West A Distance Of 348.46 Feet To A Point ;
 Thence With A Curve Turning To The Right With An Arc Length Of 39.33 feet, With A Radius Of 24.66 Feet, With A Chord Bearing Of South 46°35'40" West , With A Chord Length Of 35.30 Feet;
 Thence North 86°26'00" West A Distance Of 60.86 Feet To A Point ;
 Thence South 28°47'26" East A Distance Of 18.50 Feet To A Point ;
 Thence South 36°50'14" East A Distance Of 105.49 Feet To A Point ;
 Thence South 32°48'15" East A Distance Of 20.34 Feet To A Point ;
 Thence South 52°41'32" West A Distance Of 74.17 Feet To A Point ;
 to the point of **BEGINNING**, Having an area of 182,421.34 Square Feet, 4.19 Acres More Of Less.

Exhibit B.2

Depiction of WPS 5-1-55 Wellsite, Access Road, and Pipeline Corridor



Exhibit B.3

Refined Depiction of WPS 5-1-55 Wellsite

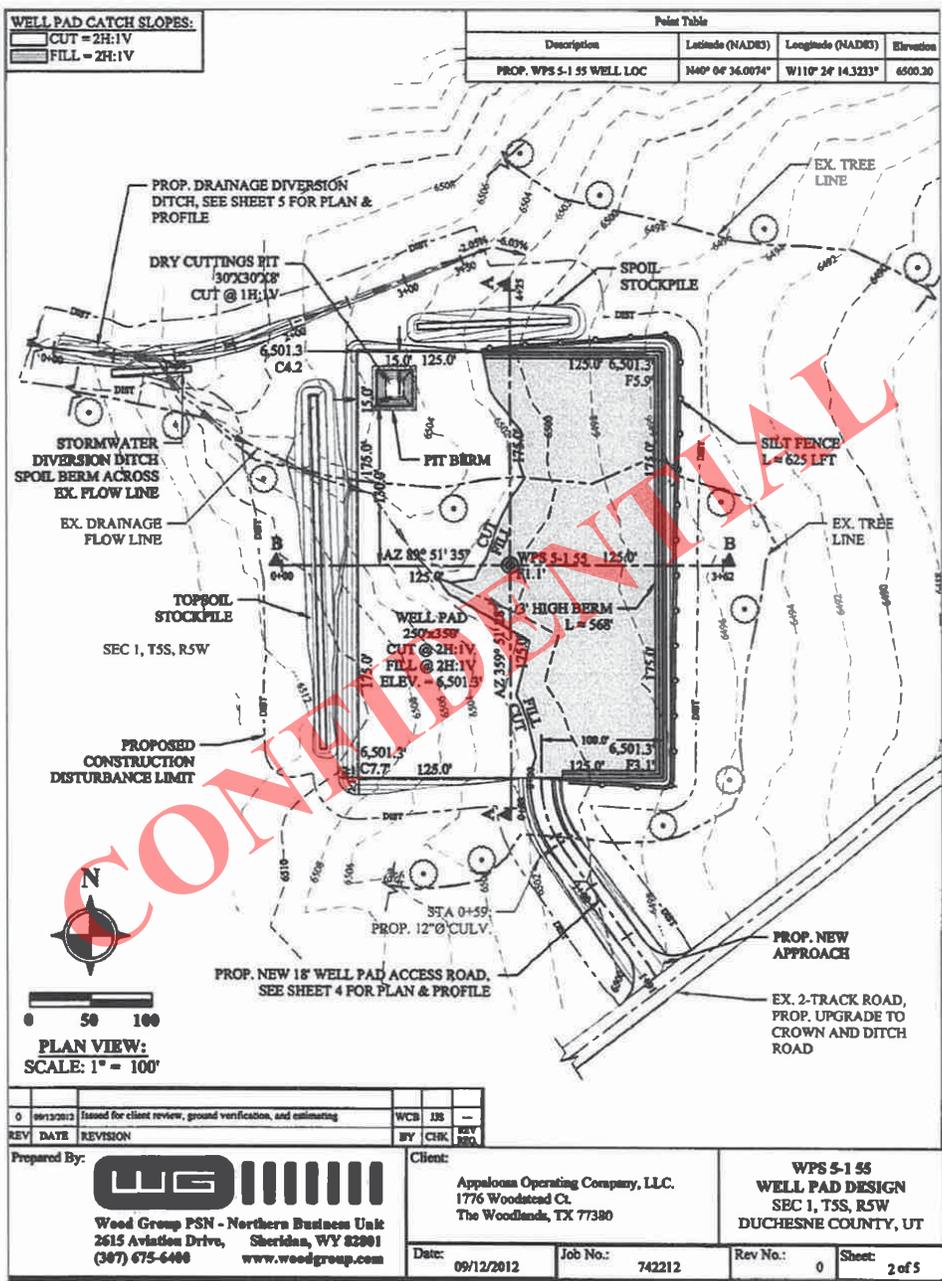


Exhibit C.1

Legal Descriptions of Burdened Property for Wellsite Appaloosa 9-12D-55/16-12D-55

**CERTIFIED LEGAL DESCRIPTION
Burdened Property for APPALOOSA 16-12D 5-5 & 9-12D 5-5**

A TRACT OF LAND LOCATED IN THE SOUTHEAST 1/4, SECTION 12, TOWNSHIP 5 SOUTH, RANGE 5 WEST, USB&M, DUCHESNE, UTAH AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING At A Point Which Is Located North 02°30'06" West, A Distance Of 1242.87 Feet From The Southeast Corner Of Said Section 12;
 Thence South 64°13'06" West, A Distance Of 77.23 Feet To A Point;
 Thence North 47°53'11" West, A Distance Of 37.12 Feet To A Point;
 Thence North 54°34'03" West, A Distance Of 75.84 Feet To A Point;
 Thence North 60°41'45" West, A Distance Of 176.73 Feet To A Point;
 Thence North 42°12'24" West, A Distance Of 53.73 Feet To A Point;
 Thence North 30°27'17" West, A Distance Of 120.67 Feet To A Point;
 Thence North 50°03'39" West, A Distance Of 116.61 Feet To A Point;
 Thence With A Curve Turning To The Right With An Arc Length Of 35.82 Feet,
 A Radius Of 26.07 Feet, A Chord Bearing Of North 10°42'15" West, A Chord Length Of 33.07 Feet;
 Thence North 17°33'46" East, A Distance Of 171.16 Feet To A Point;
 Thence North 65°30'09" East, A Distance Of 40.55 Feet To A Point;
 Thence South 75°28'11" East, A Distance Of 28.68 Feet To A Point;
 Thence South 54°25'48" East, A Distance Of 182.54 Feet To A Point;
 Thence South 58°11'58" East, A Distance Of 224.51 Feet To A Point;
 Thence South 13°54'14" East, A Distance Of 59.38 Feet To A Point;
 Thence South 55°29'06" East, A Distance Of 35.67 Feet To A Point;
 Thence South 20°17'28" East, A Distance Of 71.82 Feet To A Point;
 Thence South 14°47'47" West, A Distance Of 105.20 Feet To A Point;
 Thence South 06°30'54" East, A Distance Of 74.80 Feet To A Point;
 to the point of **BEGINNING**, Having An Area Of 159,852.75 Square Feet, 3.67 Acres more or less.

AND

**CERTIFIED LEGAL DESCRIPTION
PIPELINE EASEMENT
APPALOOSA 16-12D 5-5 & 9-12D 5-5 TO SMITH 11-7 5-4**

A TRACT OF LAND LOCATED IN THE SOUTHEAST 1/4, SECTION 12, TOWNSHIP 5 SOUTH, RANGE 5 WEST, AND THE SOUTHWEST 1/4, SECTION 7, TOWNSHIP 5 SOUTH, RANGE 4 WEST, USB&M, DUCHESNE, UTAH, BEING A THIRTY FOOT WIDE PIPELINE EASEMENT LYING FIFTEEN FEET LEFT, RIGHT AND PARALLEL TO THE FOLLOWING DESCRIBED CENTERLINE:

BEGINNING At A Point Which Is Located South 04°29'58" West, A Distance Of 1129.92 Feet From The East 1/4 Corner Of Said Section 12:

Thence South 46°43'45" East, A Distance Of 215.83 Feet To A Point;
 Thence South 27°11'40" East, A Distance Of 199.18 Feet To A Point;
 Thence North 62°14'53" East, A Distance Of 738.93 Feet To A Point;
 Thence North 80°44'32" East, A Distance Of 326.33 Feet To A Point;
 Thence South 88°03'59" East, A Distance Of 188.96 Feet To A Point;
 Thence North 68°08'18" East, A Distance Of 317.68 Feet To A Point;
 Thence North 34°12'49" East, A Distance Of 145.85 Feet To The Terminus Of Said Thirty Foot Pipeline Easement, Said Point Being Located South 75°19'33" West, A Distance Of 3523.11 Feet From The East 1/4 Corner Of Said Section 7. Said Pipeline Easement Being 2,132.77 Feet Along The Centerline.

DUCH-1209EA-0341
 WSRF W-113-L Segment 23
 EH000341

Exhibit C.2

Depiction of Burdened Property for Appaloosa 9-12D-55/16-12D-55 Wellsite

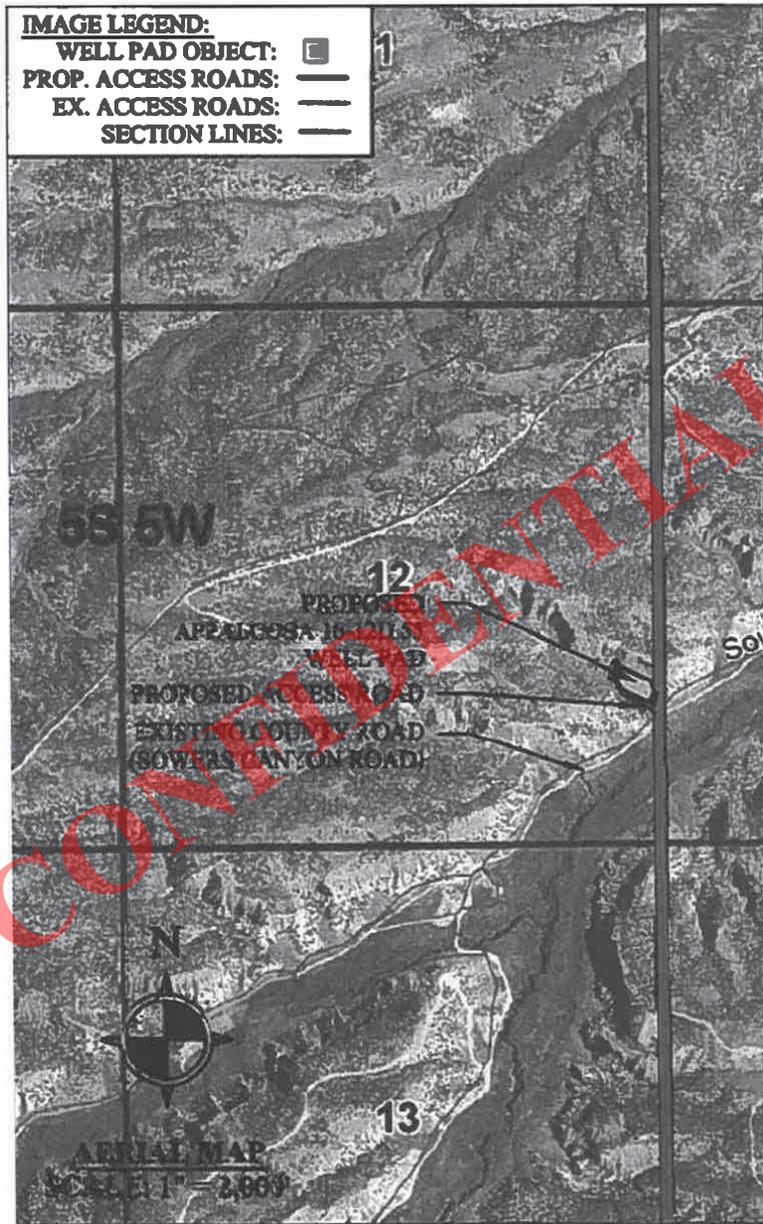


Exhibit C.3

Refined Depiction of Appaloosa 9-12D-55/16-12D-55 Wellsite

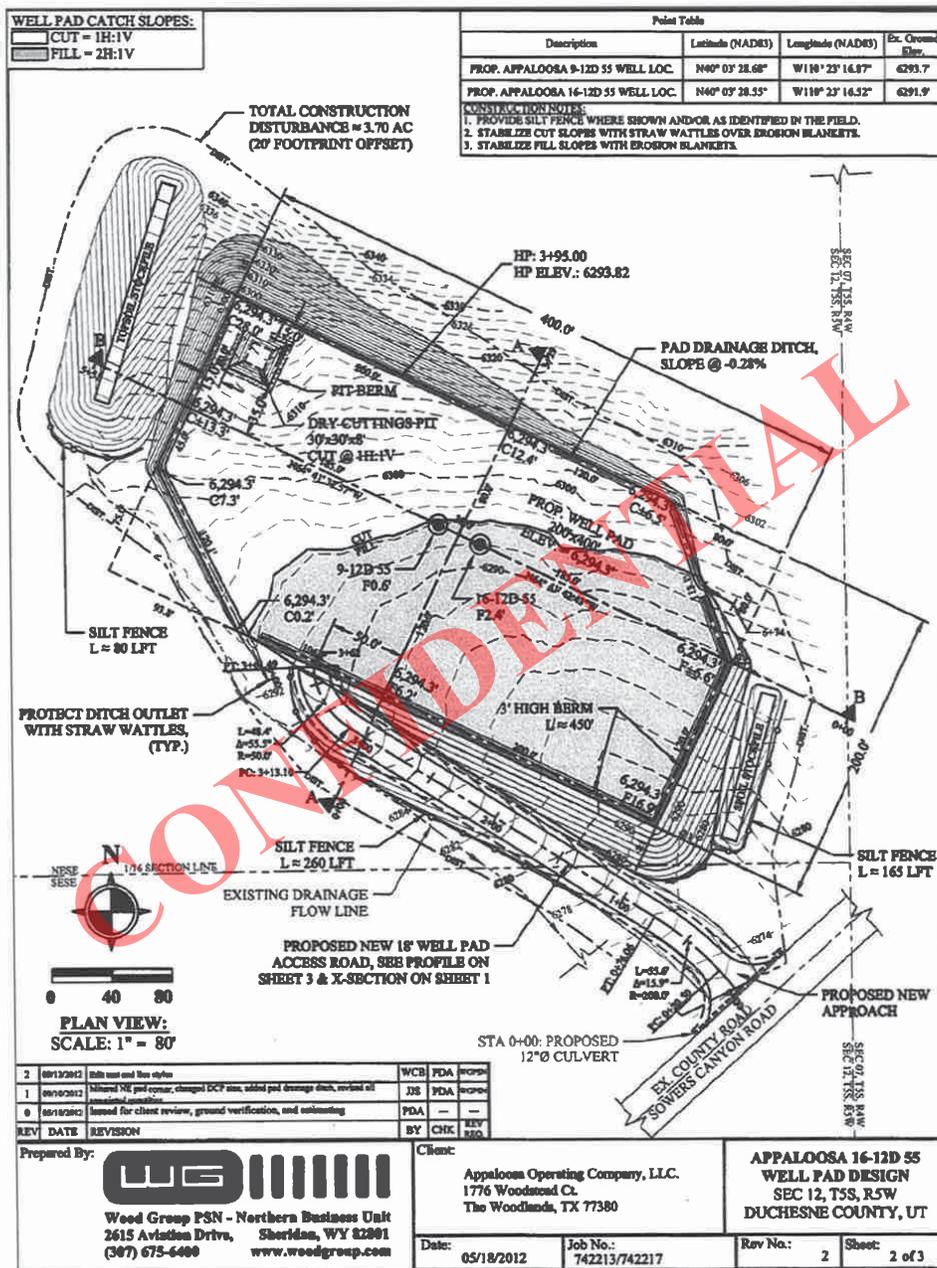


Exhibit D.1

Legal Description of Burdened Property for Wellsite Smith 11-7-54

**CERTIFIED LEGAL DESCRIPTION
Burdened Property for SMITH 11-7 5-4 Wellsite**

A TRACT OF LAND LOCATED IN THE SOUTHWEST 1/4, SECTION 7, TOWNSHIP 5 SOUTH, RANGE 4 WEST, USB&M, DUCHESNE, UTAH AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING At A Point Which Is Located South 73°19'28" East, A Distance Of 1975.30 Feet From the West 1/4 Corner Of Said Section 7;
 Thence North 75°01'33" East, A Distance Of 268.32 Feet To A Point;
 Thence South 19°11'58" East, A Distance Of 45.91 Feet To A Point;
 Thence South 03°54'05" West, A Distance Of 37.08 Feet To A Point;
 Thence South 01°51'58" West, A Distance Of 137.26 Feet To A Point;
 Thence South 76°24'52" West, A Distance Of 247.03 Feet To A Point;
 Thence South 69°30'19" West, A Distance Of 253.81 Feet To A Point;
 Thence With A Curve Turning To The Right With An Arc Length Of 41.40 Feet, A Radius Of 57.88 Feet, A Chord Bearing Of WEST, A Chord Length Of 40.53 Feet;
 Thence North 48°21'31" West, A Distance Of 24.81 Feet To A Point;
 Thence North 19°12'09" West, A Distance Of 128.08 Feet To A Point;
 Thence With A Curve Turning To The Right With An Arc Length Of 28.17 Feet, A Radius Of 38.11 Feet, A Chord Bearing Of North 01°58'44" East, A Chord Length Of 27.54 Feet;
 Thence North 35°50'59" East, A Distance Of 56.03 Feet To A Point;
 Thence With A Curve Turning To The Right With An Arc Length Of 27.51 Feet, A Radius Of 30.44 Feet, A Chord Bearing Of North 61°44'30" East, A Chord Length Of 26.59 Feet;
 Thence North 77°12'03" East, A Distance Of 253.95 Feet To A Point;
 Thence North 23°33'10" East, A Distance Of 17.32 Feet To A Point;
 To The Point Of **BEGINNING**, having an area of 122,410.12 Square Feet, 2.81 Acres more or less.

Exhibit D.2
Depiction of Burdened Property for Smith 11-7-54



Exhibit D.3

Refined Depiction of Smith 11-7-54 Wellsite

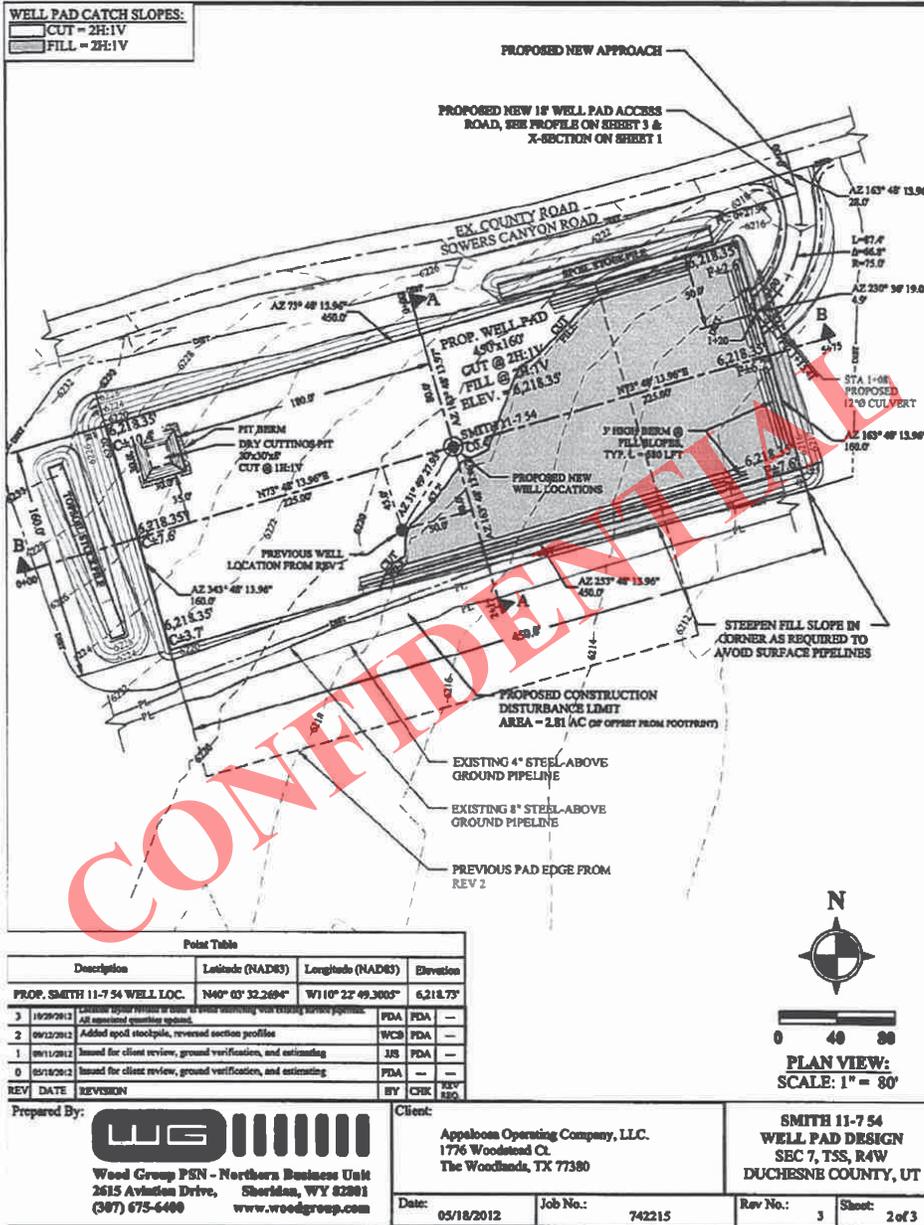


Exhibit E

Surface Use Plan for Lessee's Cottonwood Ridge Project Area

[Attached]

CONFIDENTIAL

SURFACE USE & OPERATIONS PLAN

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, Ute Indian Tribe and 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.

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 Duchesne City Culinary Dock located in Sec. 1, T4S, R5W, or from East Duchesne Water, Arcadia Feedlot, Sec.28, T3S, R3W or Myton(Moon) Pit, SE/NE Sec.27, T3S, R2W, or purchased from Ouray Brine Co.

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.

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.

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.

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 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:

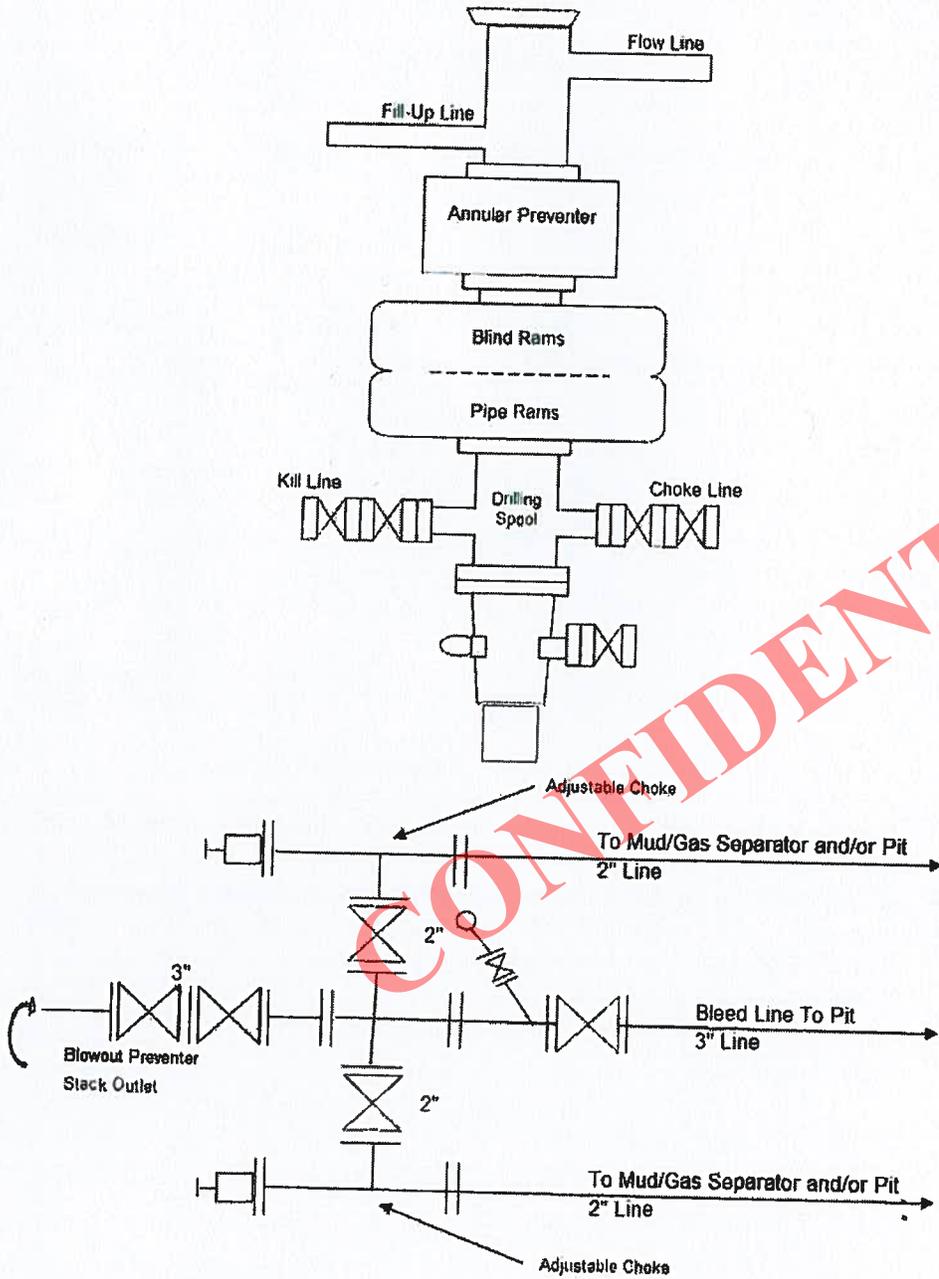
Scott Straessler – Optimization Manager, Wood Group PSN
2615 Aviation Drive
Sheridan, WY 82801
Ph. 307.675.6400 – Cell. 307.461.1132

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

CONFIDENTIAL

SCHEMATIC DIAGRAM OF 2,000 PSI BOP STACK



CONFIDENTIAL



1776 Woodstead Ct, Suite 121
The Woodlands, TX 77380

December 5, 2012

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

Attn: Dennis Gustafson

Re: Notice to Commingle Production
Hand 7-8D-5-4 and Smith 11-7-5-4
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

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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:

Hand 7-8D-5-4
Smith 11-7-5-4

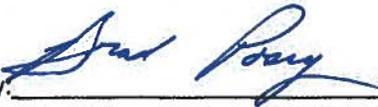
This Affidavit is made in accordance with Utah's Oil, Gas and Mining regulation R649-3-22. As operator, Appaloosa Operating Company LLC has provided notices to the owner(s) of all contiguous oil and gas leases or drilling units overlying the pool for the aforementioned wells to the parties listed below:

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

Attn: Dennis Gustafson

This instrument is executed this 5th day of December, 2012.

Appaloosa Operating Company, LLC

By: 

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Well Name	APPALOOSA OPERATING COMPANY LLC Smith 11A-7-5-4 43013520			
String	SURF	PROD		
Casing Size(")	8.625	5.500		
Setting Depth (TVD)	640	6350		
Previous Shoe Setting Depth (TVD)	0	640		
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	6.1		

Calculations	SURF String	8.625	"	
Max BHP (psi)	.052*Setting Depth*MW=	286		
			BOPE Adequate For Drilling And Setting Casing at Depth?	
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	209	NO	Fresh wtr spdd mud
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	145	NO	OK
			*Can Full Expected Pressure Be Held At Previous Shoe?	
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	145	NO	
Required Casing/BOPE Test Pressure=		640	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=	2989		
			BOPE Adequate For Drilling And Setting Casing at Depth?	
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	2177	NO	2M system
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	1542	YES	OK
			*Can Full Expected Pressure Be Held At Previous Shoe?	
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	1683	NO	OK
Required Casing/BOPE Test Pressure=		2000	psi	
*Max Pressure Allowed @ Previous Casing Shoe=		640	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	

43013520510000 Smith 11A-7-5-4

Casing Schematic

Surface

8-5/8"
MW 8.6
Frac 19.3

TOC @ 170.
to 0' @ 7% w/o
*St. P ✓

Surface
640. MD
640. TVD

TOC @ 1502.
to 0' @ 3% w/o, tail 3412'
*Proposed to 0' *St. P ✓

1785' Green River ✓

2478' Mahogany
-2600' ± BMSGW

3510' Garden Gulch

4154' tail

4300' Douglas Creek mbr

5200' Castle Peak mbr.

5655' Ufeland Butte mbr.

6055' Wasatch

5-1/2"
MW 8.9

Production
6350. MD
6269. TVD

✓ Strip cuts.

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Well name:	43013520510000 Smith 11A-7-5-4	
Operator:	APPALOOSA OPERATING COMPANY LLC	
String type:	Surface	Project ID: 43-013-52051
Location:	DUCHESNE COUNTY	

Design parameters:

Collapse

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

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 74 °F
Bottom hole temperature: 83 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 100 ft
Cement top: 170 ft

Burst

Max anticipated surface pressure: 563 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 640 psi

No backup mud specified.

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: 557 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 6,269 ft
Next mud weight: 8.900 ppg
Next setting BHP: 2,899 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 640 ft
Injection pressure: 640 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	640	8.625	24.00	J-55	ST&C	640	640	7.972	3295
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	286	1370	4.792	640	2950	4.61	15.4	244	15.89 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Mining

Phone: 801 538-5357
FAX: 801-359-3940

Date: April 25, 2013
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 640 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.

Well name:	43013520510000 Smith 11A-7-5-4		
Operator:	APPALOOSA OPERATING COMPANY LLC		
String type:	Production	Project ID:	43-013-52051
Location:	DUCHESNE COUNTY		

Design parameters:

Collapse

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

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 74 °F
 Bottom hole temperature: 162 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,000 ft
 Cement top: 1,502 ft

Burst

Max anticipated surface pressure: 1,519 psi
 Internal gradient: 0.220 psi/ft
 Calculated BHP 2,899 psi

No backup mud specified.

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: 5,469 ft

Directional well information:

Kick-off point 3700 ft
 Departure at shoe: 603 ft
 Maximum dogleg: 1.5 °/100ft
 Inclination at shoe: 16.72 °

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	6350	5.5	15.50	J-55	LT&C	6269	6350	4.825	22422
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	2899	4040	1.394	2899	4810	1.66	97.2	217	2.23 J

Prepared by: Helen Sadik-Macdonald
 Div of Oil, Gas & Mining

Phone: 801 538-5357
 FAX: 801-359-3940

Date: April 25, 2013
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 6269 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.

Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

WORKSHEET APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 2/12/2013

API NO. ASSIGNED: 43013520510000

WELL NAME: Smith 11A-7-5-4

OPERATOR: APPALOOSA OPERATING COMPANY LLC (N3845)

PHONE NUMBER: 307 675-6400

CONTACT: Scott Straessler

PROPOSED LOCATION: NESW 07 050S 040W

Permit Tech Review:

SURFACE: 1930 FSL 1908 FWL

Engineering Review:

BOTTOM: 1930 FSL 1908 FWL

Geology Review:

COUNTY: DUCHESNE

LATITUDE: 40.05904

LONGITUDE: -110.38023

UTM SURF EASTINGS: 552858.00

NORTHINGS: 4434494.00

FIELD NAME: UNDESIGNATED

LEASE TYPE: 4 - Fee

LEASE NUMBER: FEE

PROPOSED PRODUCING FORMATION(S): GREEN RIVER

SURFACE OWNER: 3 - State

COALBED METHANE: NO

RECEIVED AND/OR REVIEWED:

- PLAT
- Bond: STATE - 0279605699
- Potash
- Oil Shale 190-5
- Oil Shale 190-3
- Oil Shale 190-13
- Water Permit: 492204
- RDCC Review:
- 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: 3 - Commingling - ddoucet
 12 - Cement Volume (3) - hmacdonald
 22 - Rigskid - bhill
 23 - Spacing - dmason
 25 - Surface Casing - hmacdonald



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: Smith 11A-7-5-4
API Well Number: 43013520510000
Lease Number: FEE
Surface Owner: STATE
Approval Date: 4/30/2013

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 GREEN RIVER 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

Commingling:

Administrative approval for commingling the production from the Wasatch formation and the Green River formation in this well is hereby granted. Appropriate information has been submitted to DOGM in accordance with R649-3-22. No written objections from owners were received by DOGM.

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:

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.

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.

All conditions of approval in the Statement of Basis and RDCC comments from Smith 11-7-5-4 well permit apply to Smith 11A-7-5-4 well.

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:

A handwritten signature in black ink, appearing to read "John Rogers", written in a cursive style.

For John Rogers
Associate Director, Oil & Gas

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:	
1. TYPE OF WELL Oil Well		7. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: APPALOOSA OPERATING COMPANY LLC		8. WELL NAME and NUMBER: Smith 11A-7-5-4	
3. ADDRESS OF OPERATOR: 1776 Woodstead Ct., Suite 121, The Woodlands, TX, 77380		9. API NUMBER: 43013520510000	
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1930 FSL 1908 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NESW Section: 07 Township: 05.0S Range: 04.0W Meridian: U		9. FIELD and POOL or WILDCAT: UNDESIGNATED	
		COUNTY: DUCHESNE	
		STATE: UTAH	
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start: <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input checked="" type="checkbox"/> SPUD REPORT Date of Spud: 5/20/2013 <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.			
<p>T.D at report 40', Ft 40', Cement conductor, 20" conductor set @ 40', cement to surface, Spud at 11:30 A.M. 05/20/13 w/ Leon Ross Drilling Bucket Rig, set 20" conductor @ 40', cement to surface. 05/21/2013 T.D at report 85', Ft. 45', drill & drive 14" conductor pipe, 20" conductor set @ 40' cement to surface. Rig-up & drill 12 1/4 hole & drive 14" conductor pipe T/85', drill thru water sand between 50'&60', shut down for night</p>			
NAME (PLEASE PRINT) Shirl Ames		PHONE NUMBER 307 675-6400	TITLE Document Control Specialist
SIGNATURE N/A		DATE 5/22/2013	

**Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY
May 24, 2013**

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
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: Smith 11A-7-5-4	
2. NAME OF OPERATOR: APPALOOSA OPERATING COMPANY LLC	9. API NUMBER: 43013520510000	
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: UNDESIGNATED
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1930 FSL 1908 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NESW Section: 07 Township: 05.0S Range: 04.0W 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	
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start: <input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 5/20/2013 <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> WILDCAT WELL DETERMINATION <input checked="" type="checkbox"/> OTHER	
OTHER: <input type="text" value="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 Smith 11A-7-5-4 well, no water was found		
Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY June 04, 2013		
NAME (PLEASE PRINT) Shirl Ames	PHONE NUMBER 307 675-6400	TITLE Document Control Specialist
SIGNATURE N/A	DATE 5/23/2013	

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:
1. TYPE OF WELL Oil Well		7.UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: APPALOOSA OPERATING COMPANY LLC		8. WELL NAME and NUMBER: Smith 11A-7-5-4
3. ADDRESS OF OPERATOR: 1776 Woodstead Ct., Suite 121 , The Woodlands, TX, 77380		9. API NUMBER: 43013520510000
PHONE NUMBER: 832 419-0889 Ext		9. FIELD and POOL or WILDCAT: UNDESIGNATED
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1930 FSL 1908 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NESW Section: 07 Township: 05.0S Range: 04.0W Meridian: U		COUNTY: DUCHESNE
		STATE: UTAH

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

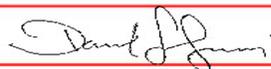
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 5/23/2013	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input checked="" type="checkbox"/> OTHER	OTHER: <input type="text" value="Well Pad Design Revised"/>

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

REV 5 added the 120'x10'x10' lined reserve pit with berm, added the (2) existing 30'x30'x8' dry cuttings pits with berms in the south west corner of the pad, added the 18' well pad access road on the north west corner of the well pad, deleted the spoil stockpile on the north east side of the well pad, and revised all associated quantities.

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

Date: June 14, 2013

By: 

NAME (PLEASE PRINT) Shirl Ames	PHONE NUMBER 307 675-6400	TITLE Document Control Specialist
SIGNATURE N/A	DATE 5/23/2013	

1.) Estimated Quantities for Location Construction:

A. Well Pad:

Cut (2H:1V):	5,975 BCY
Fill (2H:1V):	4,880 BCY
Plus Shrink (15%):	+ 735 BCY
Total Fill:	5,615 BCY
Topsoil:	785 BCY (3" depth assumed)
Dist. Footprint:	1.94 AC

B. Berm:

Fill (1H:1V):	430 LCY
---------------	---------

C. (2) Dry Cuttings Pits:

Cut (1H:1V):	300 BCY
Berm:	300 BCY

D. Reserve Pit:

Cut (varies):	370 BCY
Liner:	3,265 FT ² (surface area, does not include seam overlap or anchorage)
Berm:	305 BCY

E. East Pad Access Road:

Length:	120 LFT
Cut (3H:1V):	10 BCY
Fill (3H:1V):	325 BCY
Plus Shrink (15%):	+ 50 BCY
Total Fill:	375 BCY
Topsoil:	40 BCY (3" depth assumed)
Dist. Footprint:	0.10 AC
Culverts:	(1) 12"Ø CMP

F. West Pad Access Road:

Length:	130 LFT
Topsoil:	30 BCY (3" depth assumed, includes 15% shrink factor)
Dist. Footprint:	0.08 AC

2.) Total Estimated Quantities for Location Construction:

A. Total Cut:

Well Pad:	5,975 BCY
Dry Cuttings Pits:	300 BCY
Reserve Pit:	370 BCY
Access Road:	+ 10 BCY
Total Cut:	6,655 BCY

B. Total Fill:

Well Pad:	5,615 BCY
Berm:	430 LCY
Reserve Pit Berm:	305 BCY
DCP Berm:	300 BCY
Access Road:	+ 375 BCY
Total Fill:	7,025 BCY

C. Net Earth Work Volume:

Total Cut:	6,655 BCY
Total Fill:	- 7,025 BCY
Net Volume:	-370 BCY

D. Total Topsoil Stockpile:

Well Pad:	785 BCY
West Access Road:	30 BCY
East Access Road:	+ 40 BCY
Total Topsoil:	855 BCY

F. Total Construction Disturbance: (Well Pad & Access Road, Including Stockpiles)

i. Total Const. Dist.: 2.82 AC (20' offset from footprint)

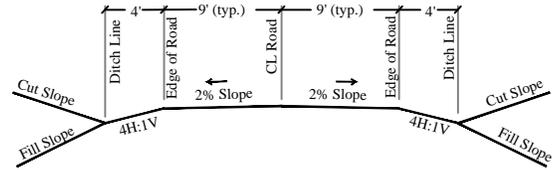
REV	DATE	REVISION	BY	CHK	REV REQ.
5	05/23/2013	Added lined reserve pit, (2) 30x30' existing dry cuttings pits, additional access road to NW corner of well pad, removed 30x30' DCP pit in NW corner, revised quantities	JJS	PDA	---
4	01/18/2013	Well Location moved to the east 30'. Rev 3 well location plugged and abandoned.	DLH	PDA	---
3	10/29/2012	Location layout revised in order to avoid interfering with existing surface pipelines. All associated quantities updated.	PDA	PDA	---
2	09/12/2012	Added spoil stockpile, reversed section profiles	WCB	PDA	---

Typical Road Cross Section

NTS

Catch Slopes: **Cut(H:V) 3:1** **Fill(H:V) 3:1**

Typical



Typical Road Culvert Cross Section

NTS

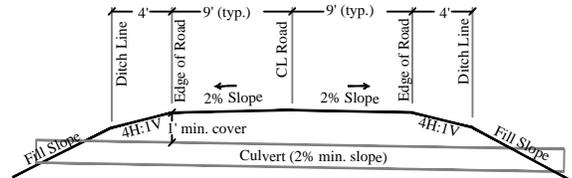
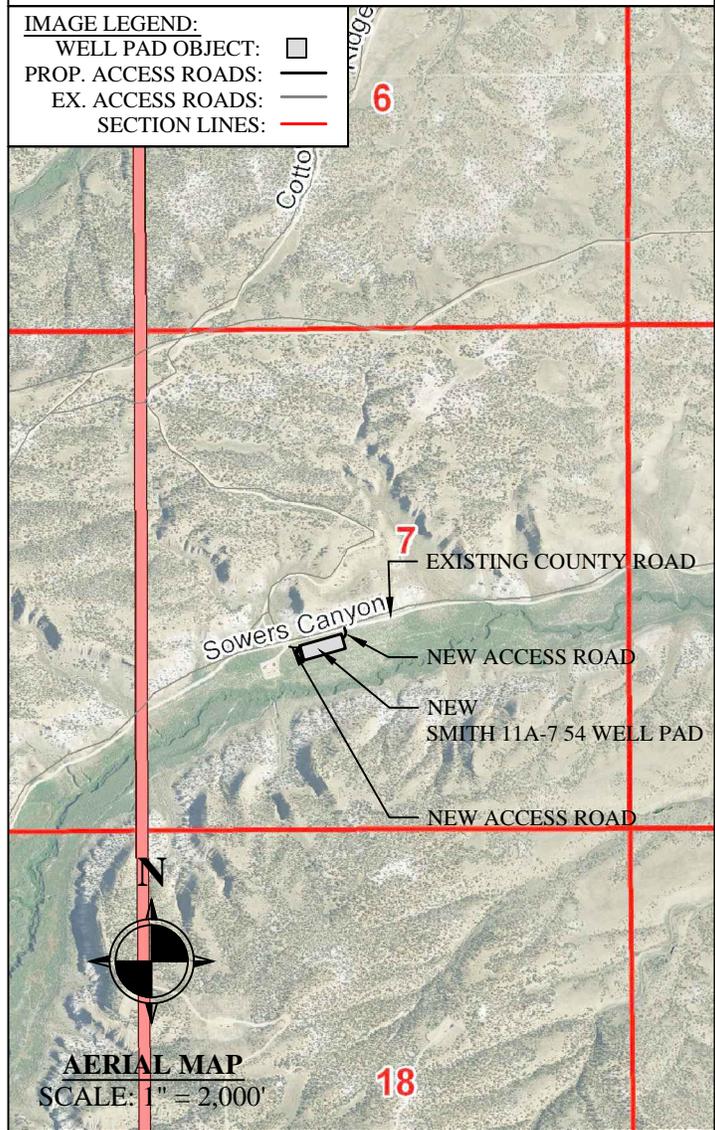


IMAGE LEGEND:

- WELL PAD OBJECT:
- PROP. ACCESS ROADS:
- EX. ACCESS ROADS:
- SECTION LINES:



Prepared By:



Wood Group PSN - Northern Business Unit
 2615 Aviation Drive, Sheridan, WY 82801
 (307) 675-6400 www.woodgroup.com

Client:

Appaloosa Operating Company, LLC.
 1776 Woodstead Ct.
 The Woodlands, TX 77380

SMITH 11A-7 54
WELL PAD DESIGN
 SEC 7, T5S, R4W
 DUCHESNE COUNTY, UT

Date: 05/18/2012

Job No.: 742215

Rev No.: 5

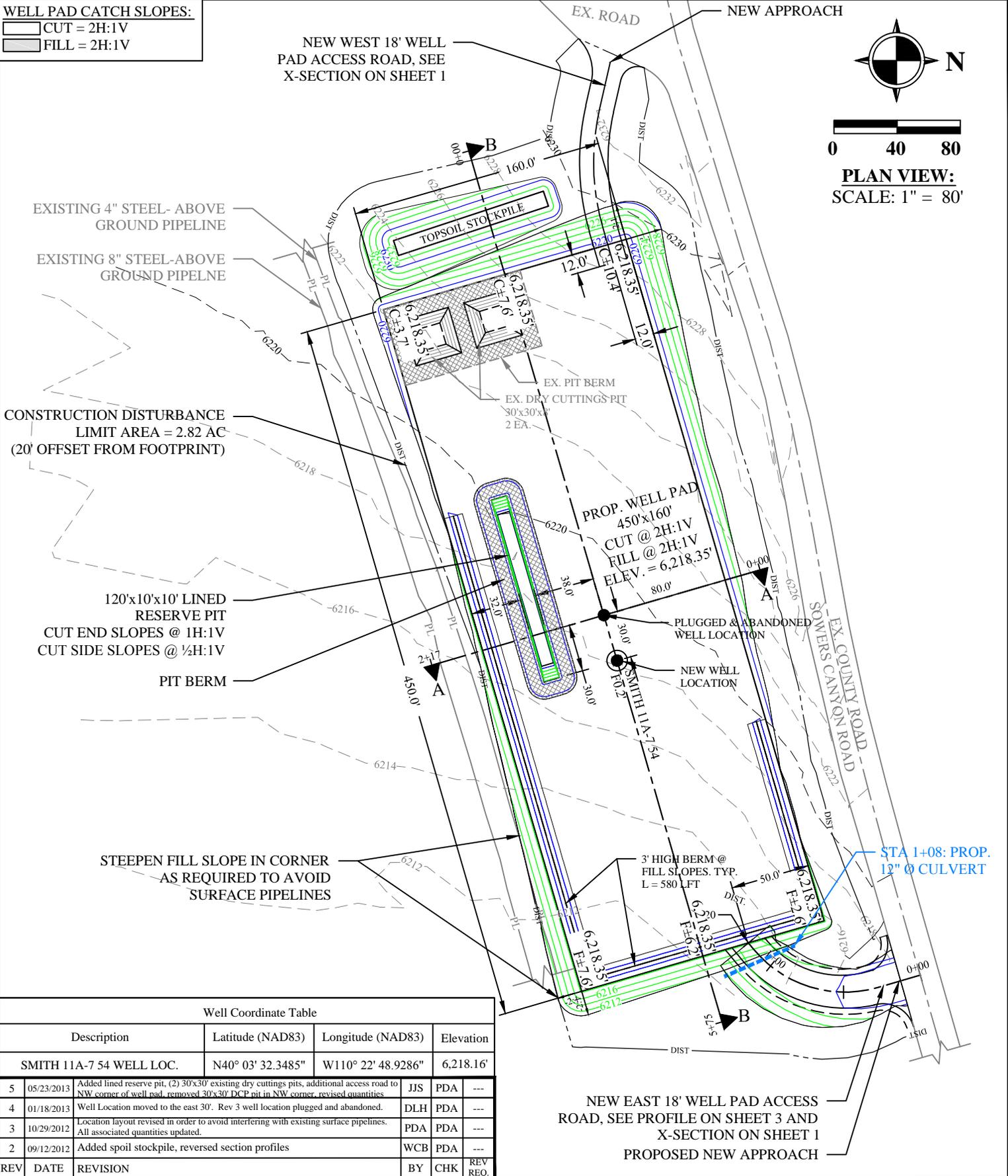
Sheet: 1 of 3

WELL PAD CATCH SLOPES:

- CUT = 2H:1V
- FILL = 2H:1V



PLAN VIEW:
SCALE: 1" = 80'



Well Coordinate Table

Description	Latitude (NAD83)	Longitude (NAD83)	Elevation
SMITH 11A-7 54 WELL LOC.	N40° 03' 32.3485"	W110° 22' 48.9286"	6,218.16'
REV	DATE	REVISION	BY
5	05/23/2013	Added lined reserve pit, (2) 30'x30' existing dry cuttings pits, additional access road to NW corner of well pad, removed 30'x30' DCP pit in NW corner, revised quantities	JJS PDA ---
4	01/18/2013	Well Location moved to the east 30'. Rev 3 well location plugged and abandoned.	DLH PDA ---
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Prepared By:



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2615 Aviation Drive, Sheridan, WY 82801
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Client:

Appaloosa Operating Company, LLC.
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SMITH 11A-7 54
WELL PAD DESIGN
SEC 7, T5S, R4W
DUCHEсне COUNTY, UT

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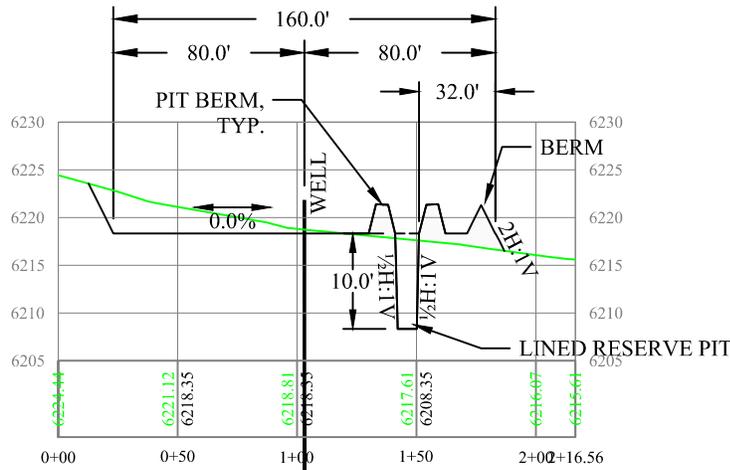
Rev No.: 5

Sheet: 2 of 3

SECTION A-A:

HORZ. SCALE: 1" = 80'
VERT. SCALE: 1" = 20'

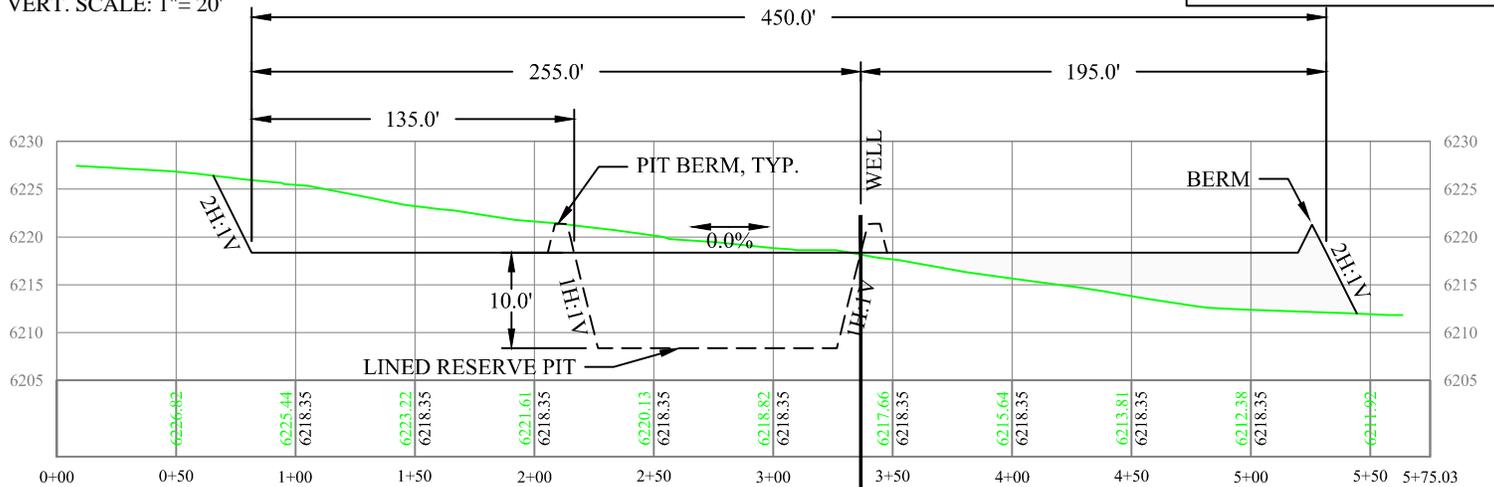
PAD SECTION LEGEND:
ORIGINAL GROUND
FINISHED SUB-GRADE



SECTION B-B:

HORZ. SCALE: 1" = 80'
VERT. SCALE: 1" = 20'

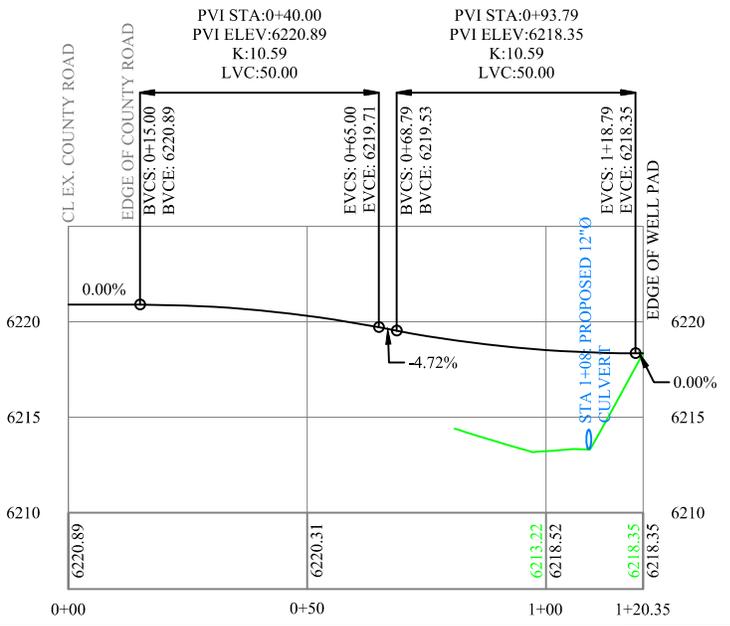
PAD SECTION LEGEND:
ORIGINAL GROUND
FINISHED SUB-GRADE



ACCESS ROAD PROFILE VIEW:

HORZ. SCALE: 1" = 40'
VERT. SCALE: 1" = 10'

ROAD PROFILE LEGEND:
ORIGINAL GROUND
FINISHED SUB-GRADE



REV	DATE	REVISION	BY	CHK	REV REQ.
5	05/23/2013	Added lined reserve pit, (2) 30'x30' existing dry cuttings pits, additional access road to NW corner of well pad, removed 30'x30' DCP pit in NW corner, revised quantities	JJS	PDA	---
4	01/18/2013	Well Location moved to the east 30'. Rev 3 well location plugged and abandoned.	DLH	PDA	---
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2	09/12/2012	Added spoil stockpile, reversed section profiles	WCB	PDA	---

Prepared By:



Wood Group PSN - Northern Business Unit
2615 Aviation Drive, Sheridan, WY 82801
(307) 675-6400 www.woodgroup.com

Client:

Appaloosa Operating Company, LLC.
1776 Woodstead Ct.
The Woodlands, TX 77380

SMITH 11A-7 54
WELL PAD DESIGN
SEC 7, T5S, R4W
DUCHESSNE COUNTY, UT

Date: 05/18/2012

Job No.: 742215

Rev No.: 5

Sheet: 3 of 3

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: Smith 11A-7-5-4
2. NAME OF OPERATOR: APPALOOSA OPERATING COMPANY LLC	9. API NUMBER: 43013520510000
3. ADDRESS OF OPERATOR: 1776 Woodstead Ct., Suite 121 , The Woodlands, TX, 77380	PHONE NUMBER: 832 419-0889 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1930 FSL 1908 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NESW Section: 07 Township: 05.0S Range: 04.0W Meridian: U	9. FIELD and POOL or WILDCAT: BRUNDAGE CANYON
	COUNTY: DUCHESNE
	STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 5/20/2013	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input checked="" type="checkbox"/> OTHER	OTHER: <input type="text" value="Amend APD"/>

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

Well should be classified as Wildcat.

REQUEST DENIED
Utah Division of
Oil, Gas and Mining

Date: November 14, 2013

By: *Derek Duff*

NAME (PLEASE PRINT) Terrie Hoye	PHONE NUMBER 713 410-9479	TITLE Sr. Geotech
SIGNATURE N/A	DATE 11/14/2013	



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Sundry Conditions of Approval Well Number 43013520510000

Insufficient information provided to qualify this well as a Wildcat Well as qualifying for the severance tax exemption (see R649-3-35).

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

**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

7 5S 4W

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

AMENDED REPORT [] FORM 8
(highlight changes)

5. LEASE DESIGNATION AND SERIAL NUMBER:

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER:
Smith 11A-7-5-4

9. API NUMBER:
4301352051

10 FIELD AND POOL, OR WILDCAT
Brundage Canyon

11. QTR/QTR, SECTION, TOWNSHIP, RANGE,
MERIDIAN:
NESW 7 5S 4W

12. COUNTY
Duchesne 13. STATE
UTAH

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL [x] GAS WELL [] DRY [] OTHER []
b. TYPE OF WORK: NEW WELL [x] HORIZ. LATS. [] DEEP-EN [] RE-ENTRY [] DIFF. RESVR. [] OTHER []

2. NAME OF OPERATOR:
Appaloosa Operating Co.

3. ADDRESS OF OPERATOR:
1776 Woodstead Ct., Suite CITY The Woodlands STATE TX ZIP 77380
PHONE NUMBER: (281) 795-6427

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 1930' FSL & 1908' FWL (NE/SW)
AT TOP PRODUCING INTERVAL REPORTED BELOW: 1930' FSL & 1908' FWL (NE/SW)
AT TOTAL DEPTH: 1850' FSL & 1856' FWL (NE/SW) BHL by DOGM

14. DATE SPUDDED: 5/20/2013 15. DATE T.D. REACHED: 6/19/2013 16. DATE COMPLETED: 10/2/2013
ABANDONED [] READY TO PRODUCE [x] 17. ELEVATIONS (DF, RKB, RT, GL): 6217.2' GL, 6234.2' RT

18. TOTAL DEPTH: MD 6,780 TVD 6,777 19. PLUG BACK T.D.: MD 6,722 TVD 6,719 20. IF MULTIPLE COMPLETIONS, HOW MANY? * 21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
COMP. DENSITY/COMP. NEUTRON/GR
DUAL GUARD LOG/GR
23. WAS WELL CORED? NO [x] YES [] (Submit analysis)
WAS DST RUN? NO [x] YES [] (Submit report)
DIRECTIONAL SURVEY? NO [] YES [x] (Submit copy)

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

Table with 10 columns: 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. Includes rows for 12.25" and 7.875" hole sizes.

25. TUBING RECORD

Table with 9 columns: SIZE, DEPTH SET (MD), PACKER SET (MD), SIZE, DEPTH SET (MD), PACKER SET (MD), SIZE, DEPTH SET (MD), PACKER SET (MD)

26. PRODUCING INTERVALS

Table with 5 columns: FORMATION NAME, TOP (MD), BOTTOM (MD), TOP (TVD), BOTTOM (TVD). Includes rows for Upr Douglas Cre, Lwr Douglas Cre, Upr Castle Peak, Upr Uteland Butte.

27. PERFORATION RECORD

Table with 10 columns: INTERVAL (Top/Bot - MD), SIZE, NO. HOLES, PERFORATION STATUS. Includes rows for intervals 4,365-4,604, 4,757-5,070, 5,265-5,564, 5,602-5,785.

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

WAS WELL HYDRAULICALLY FRACTURED? YES [x] NO [] IF YES -- DATE FRACTURED: 9/3/2013

Table with 2 columns: DEPTH INTERVAL, AMOUNT AND TYPE OF MATERIAL. Row: 4365-6298, Frac w/ 685,511 # of 20/40 white sand + 24,000 bbls. 15% HCl acid in 6 stages

29. ENCLOSED ATTACHMENTS:

- [x] ELECTRICAL/MECHANICAL LOGS [] GEOLOGIC REPORT [] DST REPORT [x] DIRECTIONAL SURVEY
[] SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION [] CORE ANALYSIS [] OTHER:

30. WELL STATUS:
Prod

31. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED: 10/2/2013		TEST DATE: 10/2/2013		HOURS TESTED: 24		TEST PRODUCTION RATES: →	OIL – BBL: 640	GAS – MCF:	WATER – BBL: 252	PROD. METHOD: Pump
CHOKE SIZE:	TBG. PRESS. 0	CSG. PRESS. 0	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

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	1,778
				Mahogany	2,454
				Garden Gulch	3,268
				Douglas Creek	4,318
				Castle Peak	5,229
				Uteland Butte	5,654
				Wasatch	6,051

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 11/11/2013

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

Additional Information for Smith 11A-7-5-4

26. Additional Producing Intervals

Formation	Top (MD)	Bottom (MD)	Top (TVD)	Bottom (TVD)
Uteland Butte	5822	6033		
Lwr Wasatch	6099	6298		

27. Additional Perforation Records

Interval	Hole Size	No. Holes	Status
5822-6033	0.43	60	Open
6099-6298	0.43	48	Open

CONFIDENTIAL

Operator / Cust.: APPALOOSA ENERGY		Date: 6/14/2013	
Well Name and No.: Smith 11A-7-5-4		MWD Operator: JEREMY COOK	
County, State: DUCHESNE, UT		Hole Size: 7 7/8	
Drig. Contractor: FRONTIER 2		Lease Survey and Abstract No.	
Field or Block No.:			
API No.: 43-013-52051		Declination: 11.20°	
Permit No.:		Job No.: 20130606	

Target Coordinates			Final Survey Closure	
TVD	N / -S	E / -W	Distance	Azimuth
			95.41'	

Tie-In Survey Co.: SHAREWELL		Sectional Method Survey Calculations				Rates / 100' M.D.		
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Surveying Company: Sharewell							Proposed Azimuth:		0.00°	Build or	R or -L
Sur. No.	M.D.	INCL.	AZM.	TVD	N / -S	E / -W	SECT.	DLS / 100'	-Drop	Turn	
TIE - IN	700.00'	0.00°	0.00°	700.00'	0.00'	0.00'	0.00'	0.00°	0.00°	0.00°	
1.	1036	1.1	255.4	1,035.98'	-0.81'	-3.12'	-0.81'	0.33°	0.33°	76.01°	
2.	1130	1.1	249.8	1,129.96'	-1.35'	-4.84'	-1.35'	0.11°	0.00°	-5.96°	
3.	1220	0.4	132.4	1,219.96'	-1.86'	-5.42'	-1.86'	1.48°	-0.78°	-130.44°	
4.	1320	0.6	159.6	1,319.95'	-2.59'	-4.98'	-2.59'	0.31°	0.20°	27.20°	
5.	1415	0.5	166.7	1,414.95'	-3.46'	-4.71'	-3.46'	0.13°	-0.11°	7.47°	
6.	1510	0.6	206.3	1,509.94'	-4.31'	-4.84'	-4.31'	0.40°	0.11°	41.68°	
7.	1,605.00'	0.70°	190.30°	1,604.94'	-5.32'	-5.16'	-5.32'	0.22°	0.11°	-16.84°	
8.	1700	1	203.4	1,699.93'	-6.66'	-5.59'	-6.66'	0.37°	0.32°	13.79°	
9.	1795	0.5	93.6	1,794.92'	-7.44'	-5.51'	-7.44'	1.33°	-0.53°	-115.58°	
10.	1890	0.4	163.3	1,889.92'	-7.79'	-5.00'	-7.79'	0.55°	-0.11°	73.37°	
11.	1,984.00'	0.30°	188.70°	1,983.92'	-8.34'	-4.94'	-8.34'	0.19°	-0.11°	27.02°	
12.	2079	0.5	216.7	2,078.92'	-8.92'	-5.23'	-8.92'	0.29°	0.21°	29.47°	
13.	2,174.00'	0.60°	239.00°	2,173.91'	-9.51'	-5.90'	-9.51'	0.25°	0.11°	23.47°	
14.	2269	0.9	241.5	2,268.90'	-10.12'	-6.98'	-10.12'	0.32°	0.32°	2.63°	
15.	2,364.00'	1.10°	241.10°	2,363.89'	-10.92'	-8.44'	-10.92'	0.21°	0.21°	-0.42°	
16.	2459	1.1	242.4	2,458.87'	-11.78'	-10.04'	-11.78'	0.03°	0.00°	1.37°	
17.	2,554.00'	1.00°	241.80°	2,553.86'	-12.60'	-11.58'	-12.60'	0.11°	-0.11°	-0.63°	
18.	2649	1.2	237.1	2,648.84'	-13.53'	-13.15'	-13.53'	0.23°	0.21°	-4.95°	
19.	2,744.00'	1.20°	245.00°	2,743.82'	-14.49'	-14.89'	-14.49'	0.17°	0.00°	8.32°	
20.	2838	1.5	257.9	2,837.79'	-15.16'	-16.98'	-15.16'	0.45°	0.32°	13.72°	
21.	2,933.00'	0.40°	346.60°	2,932.78'	-15.10'	-18.27'	-15.10'	1.62°	-1.16°	93.37°	
22.	3028	0.2	321.6	3,027.78'	-14.65'	-18.45'	-14.65'	0.25°	-0.21°	-26.32°	
23.	3,123.00'	0.30°	323.90°	3,122.78'	-14.32'	-18.70'	-14.32'	0.11°	0.11°	2.42°	
24.	3218	0.3	303.1	3,217.78'	-13.98'	-19.06'	-13.98'	0.11°	0.00°	-21.89°	
25.	3,312.00'	0.20°	266.00°	3,311.78'	-13.86'	-19.43'	-13.86'	0.20°	-0.11°	-39.47°	
26.	3407	0.4	264	3,406.77'	-13.90'	-19.92'	-13.90'	0.21°	0.21°	-2.11°	
27.	3,501.00'	0.50°	253.30°	3,500.77'	-14.06'	-20.64'	-14.06'	0.14°	0.11°	-11.38°	
28.	3596	0.7	226.3	3,595.77'	-14.58'	-21.46'	-14.58'	0.36°	0.21°	-28.42°	
29.	3,692.00'	0.70°	227.70°	3,691.76'	-15.38'	-22.32'	-15.38'	0.02°	0.00°	1.46°	
30.	3787	0.7	227.4	3,786.75'	-16.16'	-23.17'	-16.16'	0.00°	0.00°	-0.32°	
31.	3,882.00'	1.10°	215.40°	3,881.74'	-17.30'	-24.13'	-17.30'	0.46°	0.42°	-12.63°	
32.	3976	0.7	263.1	3,975.73'	-18.10'	-25.22'	-18.10'	0.87°	-0.43°	50.74°	
33.	4,071.00'	0.90°	247.00°	4,070.72'	-18.46'	-26.48'	-18.46'	0.31°	0.21°	-16.95°	
34.	4166	1	235.9	4,165.71'	-19.22'	-27.86'	-19.22'	0.22°	0.11°	-11.68°	
35.	4,261.00'	1.10°	237.40°	4,260.69'	-20.17'	-29.31'	-20.17'	0.11°	0.11°	1.58°	
36.	4355	1.3	226.2	4,354.67'	-21.40'	-30.84'	-21.40'	0.33°	0.21°	-11.91°	
37.	4,451.00'	1.80°	176.20°	4,450.64'	-23.66'	-31.53'	-23.66'	1.44°	0.52°	-52.08°	
38.	4546	3.3	179	4,545.54'	-27.88'	-31.38'	-27.88'	1.58°	1.58°	2.95°	
39.	4,641.00'	4.70°	170.80°	4,640.00'	-34.46'	-30.71'	-34.46'	1.59°	1.47°	-8.63°	
40.	4736	6.4	169.6	4,734.92'	-43.51'	-29.13'	-43.51'	1.79°	1.79°	-1.26°	
41.	4,829.00'	5.50°	176.40°	4,827.36'	-53.05'	-27.92'	-53.05'	1.23°	-0.97°	7.31°	
42.	4924	5.7	178.9	4,921.91'	-62.31'	-27.54'	-62.31'	0.33°	0.21°	2.63°	
43.	5,020.00'	4.00°	183.10°	5,017.56'	-70.42'	-27.63'	-70.42'	1.81°	-1.77°	4.37°	
44.	5115	3	182.9	5,112.38'	-76.22'	-27.94'	-76.22'	1.05°	-1.05°	-0.21°	
45.	5,209.00'	2.90°	232.90°	5,206.27'	-80.11'	-29.96'	-80.11'	2.65°	-0.11°	53.19°	
46.	5304	2.9	287.6	5,301.17'	-80.83'	-34.16'	-80.83'	2.80°	0.00°	57.58°	
47.	5,399.00'	1.30°	284.10°	5,396.10'	-79.84'	-37.50'	-79.84'	1.69°	-1.68°	-3.68°	
48.	5493	1.3	268	5,490.08'	-79.62'	-39.60'	-79.62'	0.39°	0.00°	-17.13°	
49.	5,588.00'	1.00°	260.10°	5,585.06'	-79.80'	-41.49'	-79.80'	0.36°	-0.32°	-8.32°	
50.	5683	0.8	240	5,680.05'	-80.27'	-42.89'	-80.27'	0.39°	-0.21°	-21.16°	
51.	5,779.00'	1.10°	238.20°	5,776.03'	-81.09'	-44.25'	-81.09'	0.31°	0.31°	-1.88°	
52.	5873	0.7	306.5	5,870.02'	-81.23'	-45.48'	-81.23'	1.13°	-0.43°	72.66°	
53.	5,968.00'	0.80°	299.70°	5,965.01'	-80.55'	-46.52'	-80.55'	1.14°	0.11°	-7.16°	
54.	6063	0.9	287.1	6,060.00'	-80.01'	-47.81'	-80.01'	0.22°	0.11°	-13.26°	
55.	6,157.00'	0.90°	274.50°	6,153.99'	-79.73'	-49.25'	-79.73'	0.21°	0.00°	-13.40°	
56.	6252	0.2	302.7	6,248.99'	-79.58'	-50.13'	-79.58'	0.77°	-0.74°	29.68°	
57.	6,347.00'	0.20°	286.10°	6,343.99'	-79.45'	-50.43'	-79.45'	0.06°	0.00°	-17.47°	
58.	6442	0.2	275.4	6,438.99'	-79.39'	-50.76'	-79.39'	0.04°	0.00°	-11.26°	
59.	6,536.00'	0.30°	242.30°	6,532.99'	-79.48'	-51.14'	-79.48'	0.18°	0.11°	-35.21°	
60.	6631	0.3	238.1	6,627.98'	-79.73'	-51.57'	-79.73'	0.02°	0.00°	-4.42°	
61.	6,726.00'	0.30°	238.10°	6,722.98'	-79.99'	-51.99'	-79.99'	0.00°	0.00°	0.00°	

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:
1. TYPE OF WELL Oil Well		7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: APPALOOSA OPERATING COMPANY LLC		8. WELL NAME and NUMBER: Smith 11A-7-5-4
3. ADDRESS OF OPERATOR: 1776 Woodstead Ct., Suite 121 , The Woodlands, TX, 77380		9. API NUMBER: 43013520510000
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1930 FSL 1908 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NESW Section: 07 Township: 05.0S Range: 04.0W Meridian: U		9. FIELD and POOL or WILDCAT: BRUNDAGE CANYON
		COUNTY: DUCHESNE
		STATE: UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start: <input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 10/2/2013 <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input checked="" type="checkbox"/> OTHER
		<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>
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 20, 2015		
NAME (PLEASE PRINT) Terrie Hoye	PHONE NUMBER 713 410-9479	TITLE Sr. Geotech
SIGNATURE N/A	DATE 7/20/2015	

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

REPORT OF WATER ENCOUNTERED DURING DRILLING

Well name and number: Smith 11A-7-5-4API number: 4301352051Well Location: QQ NESW Section 7 Township 5S Range 4W County DuchesneWell operator: Appaloosa Operating Company LLCAddress: PO Box 7280city The Woodlands state TX zip 77387Phone: (832) 419-0889Drilling contractor: Leon Ross ConstructionAddress: 3000 W 1250 Southcity Roosevelt state UT zip 84066Phone: (435) 722-4469

Water encountered (attach additional pages as needed):

DEPTH		VOLUME (FLOW RATE OR HEAD)	QUALITY (FRESH OR SALTY)
FROM	TO		
50	60		trona
85	90		trona
180			trona
330			trona
764			trona

Formation tops: 1 _____ 2 _____ 3 _____
 (Top to Bottom) 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 HoyeTITLE Sr. Geotech

SIGNATURE _____

DATE 7/20/2015

HALLIBURTON

VERNAL DISTRICT LABORATORY WATER ANALYSIS REPORT

Company: Appaloosa
 Well Name/No.: 11A-7-5-4
 Water Type: Produced

Project No.: W210
 Date Tested: 25-May-2013

	Units	Result
Specific Gravity	~	1.189
pH	~	9.71
Chloride (Cl)	mg/L	64700.00
Calcium (Ca)	mg/L	0.00
Magnesium (Mg)	mg/L	162.12
Iron (Fe)	mg/L	0.25
Potassium (K)	mg/L	330.00
Bicarbonate (HCO ₃)	mg/L	2440.00
Carbonate (CO ₃)	mg/L	36000.00
Hydroxides (OH)*	mg/L	0.8718644
Sulfate (SO ₄)	mg/L	60.00
Sodium (Na)*	mg/L	69510.59
Total Dissolved Solids (TDS)*	mg/L	173202.96
Resistivity	Ω*m	0.099
Temperature	°F	68

*Sodium & TDS are calculated

Test Comments

Tannin and lignin = 250mg/L
Carbonate and Bicarb were re-tested 5/28. New results entered.

This report is the property of Halliburton services and neither it nor any part thereof may be published or disclosed without first securing the express written approval of laboratory management. It may however, be used in the course of regular business operations by any person or concern and employees thereof receiving such report from Halliburton Services.

NOTICE: This report is limited to the described sample tested. Any user of this report agrees that Halliburton shall not be liable for any loss or damage, whether due to act or omission, resulting from such report or its use.