

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 HB Yulia #3-2		
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 HORSESHOE BEND		
4. TYPE OF WELL Oil Well Coalbed Methane Well: NO				5. UNIT or COMMUNITIZATION AGREEMENT NAME		
6. NAME OF OPERATOR QUINEX ENERGY CORP				7. OPERATOR PHONE 801 292-3800		
8. ADDRESS OF OPERATOR 465 South 200 West, Bountiful, UT, 84010				9. OPERATOR E-MAIL mike@quinexenergy.com		
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) ML-50418		11. MINERAL OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input checked="" type="checkbox"/> FEE <input 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')				14. SURFACE OWNER PHONE (if box 12 = 'fee')		
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')				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 type="checkbox"/> (Submit Commingling Application) NO <input checked="" 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	1833 FSL 787 FWL	NWSW	2	7.0 S	21.0 E	S
Top of Uppermost Producing Zone	1833 FSL 787 FWL	NWSW	2	7.0 S	21.0 E	S
At Total Depth	1833 FSL 787 FWL	NWSW	2	7.0 S	21.0 E	S
21. COUNTY UINTAH		22. DISTANCE TO NEAREST LEASE LINE (Feet) 787		23. NUMBER OF ACRES IN DRILLING UNIT 40		
		25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 350		26. PROPOSED DEPTH MD: 7200 TVD: 7200		
27. ELEVATION - GROUND LEVEL 5038		28. BOND NUMBER NZS499876		29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE Naple City Munciple Water Source		

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 Don Hamilton	TITLE Consultant	PHONE 435 719-2018
SIGNATURE	DATE 09/07/2010	EMAIL starpoint@etv.net
API NUMBER ASSIGNED 43047512830000	APPROVAL  Permit Manager	

Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Surf	12.25	9.625	0	720		
Pipe	Grade	Length	Weight			
	Grade J-55 ST&C	720	40.0			

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Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Prod	8.5	7	0	7200		
Pipe	Grade	Length	Weight			
	Grade N-80 LT&C	7200	26.0			

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DRILLING PLAN
 QUINEX ENERGY CORPORATION
HB Yulia 3-2
 787 FWL, 1833 FSL NW1/4, SW1/4
 SECTION 2, T 7 S, R 21 E
 UTAH COUNTY, UTAH
 Lease No: ML-50418

1 & 2 ESTIMATED TOPS ANTICIPATED OIL, GAS AND WATER ZONES

<u>FORMATION</u>	<u>DEPTH</u>	<u>ZONE TYPE</u>	<u>MAX. PRESSURE</u>
Uinta Fm.	Surface	Water & Gas	1,602.4 psi
Green River Formation	3,700'	Oil, Gas & Water	2,663.5 psi
Basal Green River	6,150'	Oil, Gas & Water	2,858.4 psi
Douglas Creek	6,600'	Oil, Gas & Water	3,118.3 psi
Wasatch Tongue	7,200'	Oil, Gas & Water	3,118.3 psi

Max Pressure is figured as Hydrostatic .4331 pounds per square foot X Depth.

3. PRESSURE CONTROL EQUIPMENT

An 11" Rotating Head from 400' to 7,200' on Surface. A 5M BOP Stack, 5M Fill and Kill lines and Choke Manifold from 400' to 7,200'. The BOPE and related equipment will meet the requirements of the 5M and 10M system.

The surface casing will be equipped with a flanged casing head of 5M psi working pressure. An 11.0" 5M BOP and 5M Annular preventer will be nipped up on the surface casing and tested to 250 psi low pressure test and 5M psi high pressure test prior to drilling out. The surface casing will be tested to 1,500 psi. The choke manifold equipment, upper Kelly cock and floor safety valves will be tested to 5M psi. The annular preventer will be tested to 250 psi low test and 2,500 psi high test or 50% of the rated working pressure.

The BOPE will be tested after running intermediate casing, after any repairs to the equipment and at least every 30 days while drilling.

The pipe and blind rams will be activated each time a trip is made, and the annular preventer will be activated weekly.

Weekly BOP tests will be held with each crew.

Other equipment will include:

- a. Mud logger with gas monitor. On at 1,800'
- b. Choke Manifold with one manual and one hydraulic operated choke
- c. Full opening floor valve with drill pipe thread
- d. Upper and lower Kelly Cock
- e. Shaker, desander, desilter, and mud cleaner

See the attached diagrams:

4. CASING AND CEMENTING PROGRAM:

	<u>HOLE SIZE</u>	<u>INTERVAL</u>	<u>LENGTH</u>	<u>SIZE</u>	<u>WEIGHT</u>	<u>GRADE</u>	<u>THREAD</u>	<u>COLLAPSE</u>	<u>CEMENT</u>
Surface	12 ¼"	0-720'	720'	9 5/8"	40.0#	J 55	ST&C	1,130#	550 sx class G to Surface
Prod	8 1/2"	0-7,200'	7,200'	7.00"	26.0#	N 80	LT&C	5,410#	Calculated from logs to 100' inside surface casing

Surface Casing: 550 sacks Class G @ 15.6 lb/gal, yield 1.15 cuft/per sx with 2% CaCl

Production Casing: Lead 300 sacks of Premium Lite @ 11 lb/gal, yield 3.2 cuft/sx, with 2% CaCl. Tail 420 sacks Class G 14.4 lb/gal, yield 1.25 cuft/sx, 50:50 poz 2% CaCl 2% gel. Sufficient to bring cement up 100 feet inside the surface casing as calculated from the openhole logs.

5. MUD PROGRAM:

<u>INTERVAL</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	
Surface	Water & gel	8.5 to 8.9	PPG
Production	Water, Gel & Weight as needed	8.9 to 9.1	PPG

Anticipated mud weights and lost circulation zones are based on offsetting wells and drilling data. Mud weights may be higher than projected, depending on actual zones encountered during drilling.

Visual mud monitoring equipment will be utilized.

Sufficient mud inventory will be maintained on location during drilling operations to handle any adverse conditions that may arise.

6. VARIANCE REQUESTS:

None

7. EVALUATION PROGRAM

Gamma Ray, Density, Neutron, Resistivity,	7,200' to Surface Casing
Gamma Ray, Cement Bond,	TD to 100' inside of Surface Casing

Cores	None
DST's	None

8. ABNORMAL CONDITIONS

There are no abnormal bottomhole conditions and the maximum pressure anticipated is 3,120 psi.

9. OTHER

No chemicals subject to reporting under SARA III in an amount to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually with the drilling of this well, Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold quantities, will be used, produced, stored, transported or disposed of in association with the drilling of this well.

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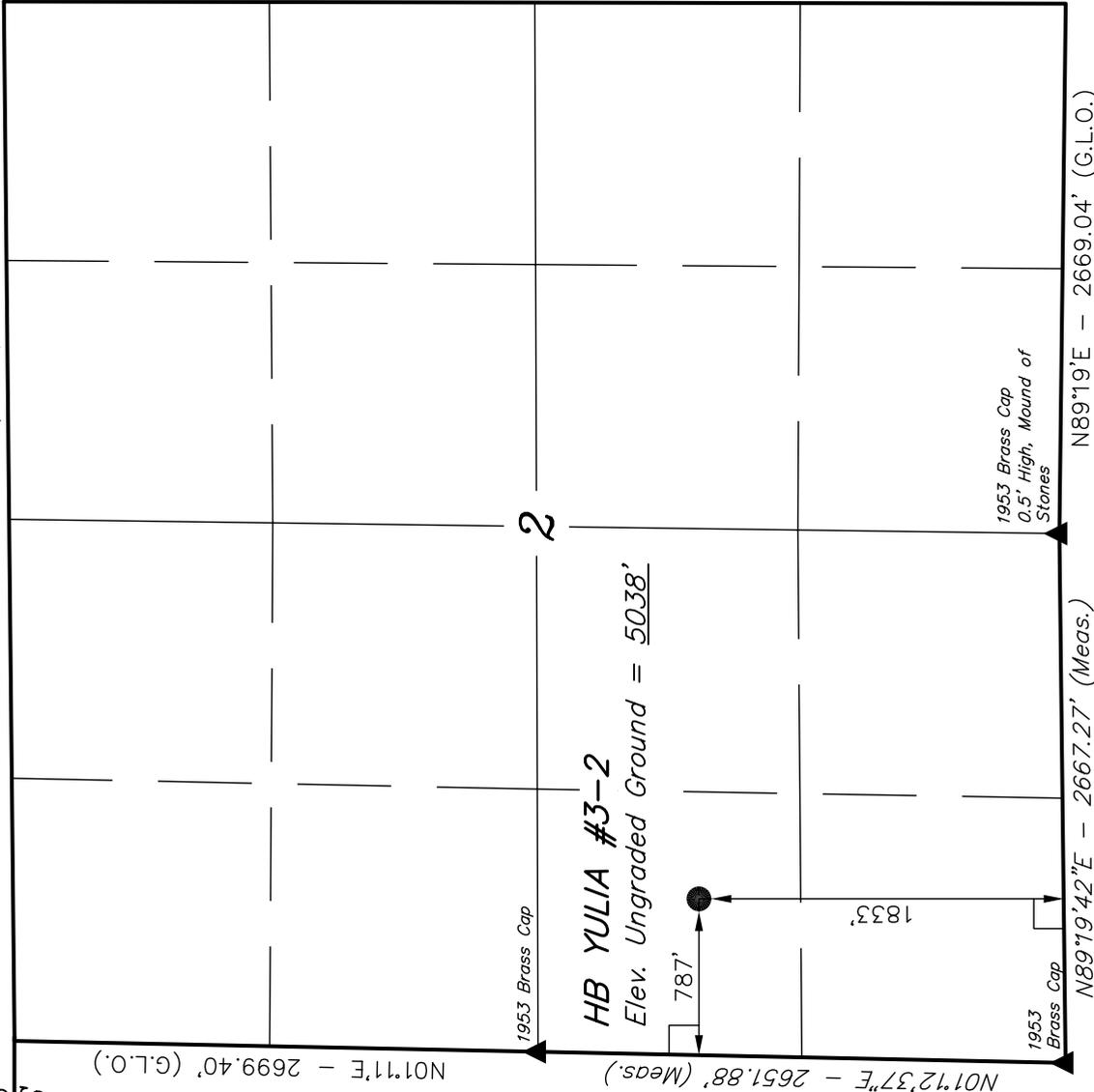
T7S, R21E, S.L.B.&M.

QUINEX ENERGY CORP.

Well location, HB YULIA #3-2, located as shown in the NW 1/4 SW 1/4 of Section 2, T7S, R21E, S.L.B.&M., Uintah County, Utah.

S89°25'W - 5217.30' (G.L.O.)

T6S
T7S

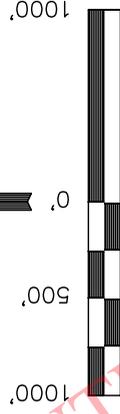


BASIS OF ELEVATION

SPOT ELEVATION AT THE SOUTHEAST CORNER OF SECTION 3, T7S, R21E, S.L.B.&M. TAKEN FROM THE BRENNAN BASIN QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4949 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE POINT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY CLOSE SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

ROBERT L. KAY
REGISTERED LAND SURVEYOR
REGISTRATION NO. 101519
STATE OF UTAH

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UINTAH ENGINEERING & LAND SURVEYING

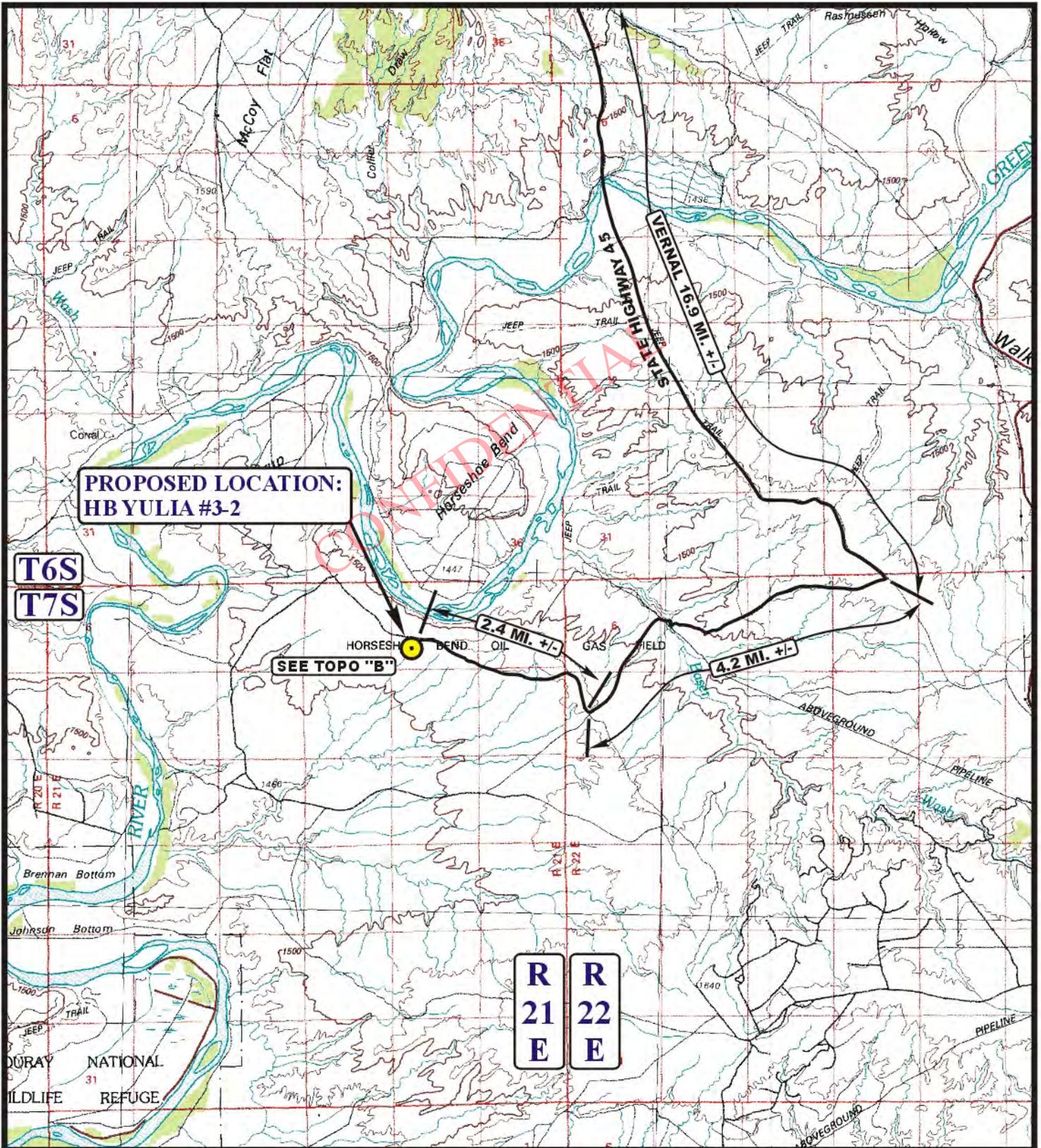
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE	1" = 1000'	DATE SURVEYED:	07-02-10	DATE DRAWN:	08-20-10
PARTY	G.S. J.M. J.I.	REFERENCES	G.L.O. PLAT		
WEATHER	WARM	FILE	QUINEX ENERGY CORP.		

NAD 83 (SURFACE LOCATION)	
LATITUDE = 40°14'19.37"	(40.238714)
LONGITUDE = 109°31'47.20"	(109.529778)
NAD 27 (SURFACE LOCATION)	
LATITUDE = 40°14'19.50"	(40.238750)
LONGITUDE = 109°31'44.71"	(109.529086)

LEGEND:

- = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.



**PROPOSED LOCATION:
HB YULIA #3-2**

T6S

T7S

SEE TOPO "B"

2.4 MI. +/-

4.2 MI. +/-

**R
21
E**

**R
22
E**

LEGEND:

PROPOSED LOCATION



QUINEX ENERGY CORP.

**HB YULIA #3-2
SECTION 2, T7S, R21E, S.L.B.&M.
1833' FSL 787' FWL**



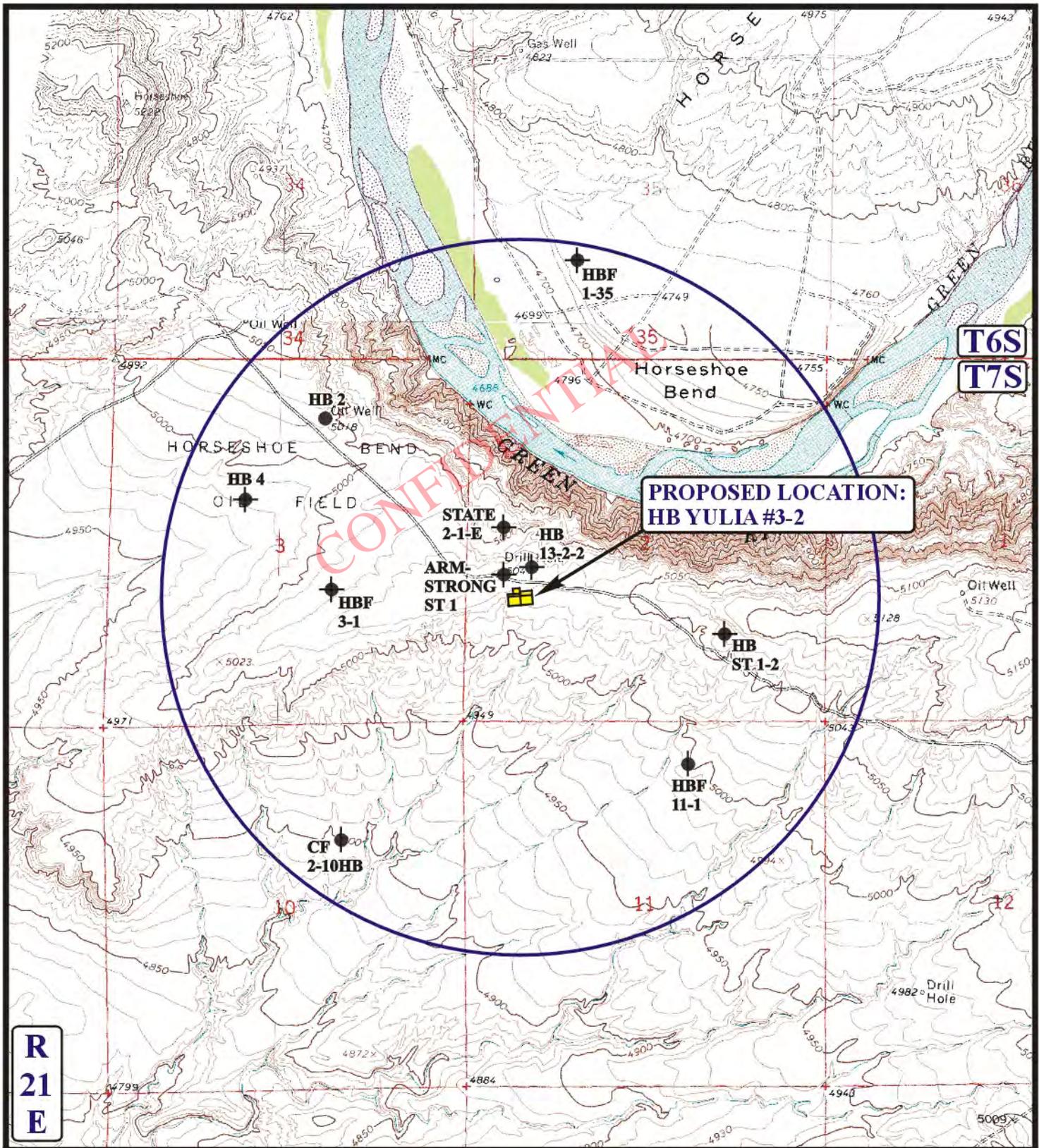
Utah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

08 26 10
MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: J.L.G. REVISED: 00-00-00





T6S
T7S

**PROPOSED LOCATION:
HB YULIA #3-2**

R
21
E

LEGEND:

- ⊗ DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- ⊗ WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED

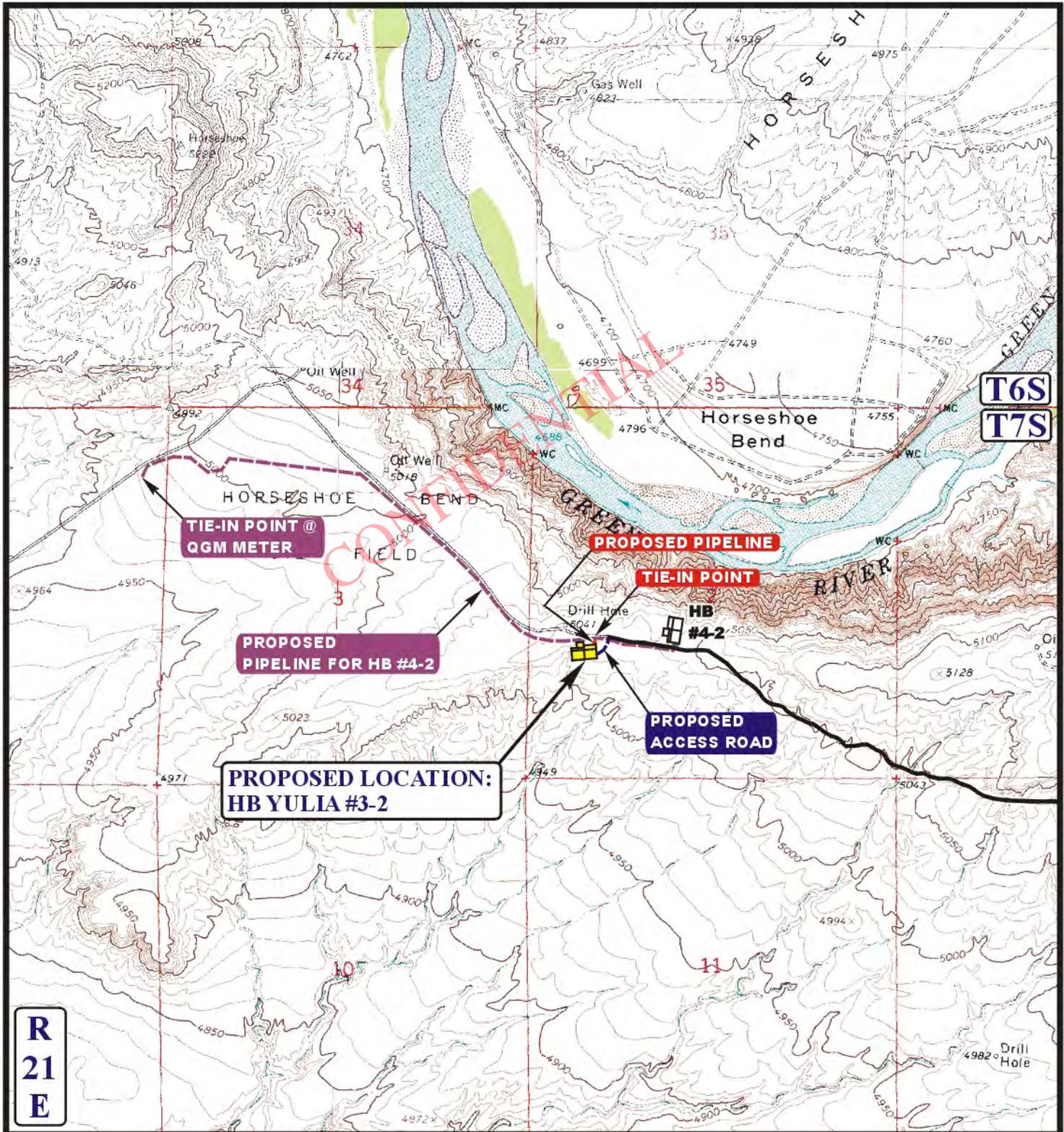
QUINEX ENERGY CORP.

HB YULIA #3-2
SECTION 2, T7S, R21E, S.L.B.&M.
1833' FSL 787' FWL

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP **08 26 10**
MONTH DAY YEAR
SCALE: 1" = 2000' DRAWN BY: J.L.G. REVISED: 00-00-00 **C TOPO**





APPROXIMATE TOTAL PIPELINE DISTANCE = 108' +/-

LEGEND:

- EXISTING PIPELINE
- PROPOSED PIPELINE
- PROPOSED ACCESS

QUINEX ENERGY CORP.

**HB YULIA #3-2
SECTION 2, T7S, R21E, S.L.B.&M.
1833' FSL 787' FWL**



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**TOPOGRAPHIC
MAP**

08 26 10
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: J.L.G. REVISED: 00-00-00

**D
TOPO**

SURFACE USE PLAN
QUINEX ENERGY CORPORATION
HB Yulia 3-2
787 FWL, 1833 FSL NW1/4, SW1/4
SECTION 2, T 7 S, R 21 E
UINTAH COUNTY, UTAH
Lease No: ML-50418

PRESITE INSPECTION:

The onsite inspection for the subject well site will be conducted as scheduled by the State of Utah Division of Oil, Gas & Mining.

ATTENDEES:

Paul Wells	Quinex Energy
Mike Hebertson	Quinex Energy
Don Hamilton	Buys & Associates
	State of Utah Trust Lands
	Oil, Gas & Mining

1. EXISTING ROADS

A. The proposed well site is located approximately 23.5 miles south of Vernal, Utah.

B. Directions to the location from Vernal, Utah are as follows:

Proceed in a southeasterly direction from Vernal, Utah via US Highway 40 to the intersection of State Highway 45 in Naples Utah. Turn right onto State Highway 45 and continue southerly for a total of about 16.9 miles to a County Road that is heading west (about 5 miles after crossing the Green River). Turn right and continue west 4.2 miles and take the right hand fork in the road. Continue westerly 2.4 miles until reaching the proposed location on the left or south side of the road.

C. For location of access roads within a 1 Mile radius, see Maps A, B & C.

D. Improvement to existing main roads will not be required.

E. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

F. Existing roads and newly constructed roads on surface under the jurisdiction of any Surface Managing Agency will be maintained in accordance with the standards of the managing agency.

2. PLANNED ACCESS ROADS

A. There will be 0.07 (373') miles of new access to be constructed.

B. The maximum grade is approximately ½ %.

C. No turnouts are planned.

D. No culverts will be necessary. No low water crossings will be required.

E. The access road was centerline surveyed at the time of staking.

F. The use of surfacing material will be the same as those used to build the location

G. No cattle guards will be necessary.

H. Surface disturbance and vehicular travel will be limited to the approved location and approved access route.

I. Access roads and surface disturbing activities will conform to standards set forth by Uintah County and SITLA.

J. The road will be constructed to meet the standards of the anticipated traffic flow and all weather road requirements. Construction will include ditching, draining, graveling, crowing and capping the roadbed as necessary to provide a well constructed safe road. Prior to upgrading, the road will be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings will be of the typical dry creek drainage crossing type. Crossings will be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor will the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water will be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading will not be allowed during muddy conditions. Should mud holes develop, they will be filled in and detours around them avoided.

K. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

L. No road rights-of-way will be necessary since all new access is within the lease boundary.

3. **EXISTING WELLS WITHIN A 1 MILE RADIUS OF THE PROPOSED WELL (See Map)**

- A. Water Wells: 0
- B. Injection Wells: 0
- C. Producing Wells: 1
- D. Drilling Wells: 0
- E. Shut-In Wells: 2
- F. Temp Abandoned: 0
- G. Disposal Wells: 0
- H. Abandoned Wells: 7

4. **LOCATION OF TANK BATTERIES AND PRODUCTION FACILITIES**

A. All permanent structures (onsite for six months or longer) constructed or installed (including oil well pump jacks) will be painted to match the landscape probably Desert Tan. All facilities will be painted within six months of installation.

- B. Storage facilities such as tank batteries will be constructed on this lease, the facility and the well pad will be surrounded by a containment dike of sufficient capacity to contain at a minimum, the entire contents of the largest tank within the facility unless more stringent protective requirements are deemed necessary by the authorized officer.
- C. If production is established, a production facility diagram will be submitted via Sundry Notice.
- D. All loading lines will be placed inside the berm surrounding the location.
- E. Gas meter runs for each well will be located on lease. The gas flow line will be surface laid and anchored down from the wellhead to the separator. Meter runs will be housed.
- F. The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any sale being made. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter.
- G. Any necessary pits will be properly fenced to prevent any wildlife entry.
- I. All site security guidelines will be adhered to.
- J. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- L. The road will be maintained in a safe useable condition.
- M. Produced water will be stored in a 300 bbl heated, insulated tank, then hauled to a commercial disposal site. It is possible that onsite power generation for the project will be installed at this location, and that the produced water will be evaporated and used to cool the system
- N. Pipelines will follow the established roads shown on Map D to a point even with the compressor then cross country to the tie in point Section 3 is BLM Land and a right of way will be obtained. See Pipeline detail attached. No pipeline right of way will be necessary across the portion of section 2 that is covered by this lease.

5. LOCATION AND TYPE OF WATER SUPPLY

- A. Water will be will be purchased from the nearest Municipal water source, probably Naples.
- B. Water will be hauled by truck to the location over the access roads
- C. No water well will be drilled on this lease.

6. SOURCE OF CONSTRUCTION MATERIAL

- A. Surface and subsoil materials in the immediate area will be utilized where possible. In the case of this well it may be more cost effective to build up the location than dig it down.
- B. Any gravel used will be obtained from a commercial source.

- C. Construction material is not available on lease.
- D. No construction materials will be removed from State land.

7. METHODS OF HANDLING WASTE DISPOSAL

- A. The reserve pit will be constructed so as not to leak, break, or allow discharge.
- B. The reserve pit will require blasting to obtain sufficient depth and a 12 mil liner will be required. If fractured rock is encountered, the pit will be first lined with sufficient bedding (either straw or dirt) to cover any rocks. The liner will overtop the pit walls and be covered with dirt or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit.
- C. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of drilling operations and hauled to an approved disposal site.
- D. During the testing period produced waste water will be confined to the reserve pit and will be cleaned up by vacuum truck when the well goes on production. Produced water will be disposed of at a State approved facility.
- E. Drill cuttings are to be contained and buried in the reserve pit, and the liner will be folded in over the cuttings after they are dried out. The pit and cuttings will be buried 3 to 4 feet deep and revegetated to hold the soils in place after completion work is finished. All unused portions of the location and shoulders of the access road will be vegetated for soil control purposes. If required a siltation fence will be installed at the toe of the fill slopes to control erosion until new plant growth can be established.
- F. Any salts or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.
- G. A chemical portable toilet will be furnished with the drilling rig.
- H. The produced fluids will be produced into the reserve pit until such time as construction of production facilities is completed. Any spills of oil, fuel, salt water or other produced fluids will be cleaned up and removed.

8. ANCILLARY FACILITIES

There are no airstrips, camps, or other facilities planned during the drilling of the proposed well.

9. WELL SITE LAYOUT

- A. The operator or an authorized representative will contact the DOGM Twenty four (24) hours prior to construction of location and access.
- B. The reserve pit will be located on the north side of the location.
- C. The flare pit will be located on the east side of the reserve pit, a minimum of 100 feet from the well head.

D. The stockpiled topsoil (first six inches) will be stored on the west side of the location. Topsoil along the access route will be wind rowed on the uphill side.

E. Access to the well pad will be from the north and east as shown on the Pit & Pad Layout.

F. See Location Layout for orientation of rig, cross section of drill pad and cuts and fills.

G. The location of mud tanks; reserve pit, trash cage; pipe racks; living facilities and soil stockpiles are shown on the Location Layout and are more or less standard for the average drilling rig.

H. All pits will be fenced according to the following minimum standards:

1. Wire net fence will be used with at least one strand of barbed wire on top of the wire net.
2. The wire net will be no more than 2 inches above the ground. The barbed wire will be 3 inches above the wire net. Total height of the fence will be at least 42 inches.
3. Corner posts will be braced in such a manner to keep the fence tight at all times.
4. Standard steel or pipe posts will be used between the corner braces.
5. Maximum distance between any two posts will be no greater than 16 feet.
6. All wire will be stretched, by using a stretching device, before it is attached to the corner posts.

J. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup.

10. Plans for Surface Restoration

Producing Location:

A. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.

B. Upon completion all hydrocarbons on the pit will be removed.

C. The pit liner is used it will be torn and perforated before backfilling of the reserve pit.

D. The reserve pit and that portion of the location not needed for production facilities or operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within one year from the date of well completion. Before any dirt work takes place, the reserve pit will have all fluids and hydrocarbons removed and all cans, barrels, pipe, etc., will be removed.

E. Reclamation of unused disturbed areas on the well pad and access road no longer needed for operations, such as cut slopes, and fill areas will be accomplished by grading, leveling and seeding.

Seeding will be performed within a year after the location has been reclaimed and the pit has been backfilled, regardless of the time of year. Seed will be broadcast and walked in with a dozer.

F. The topsoil stockpile will be seeded as soon as the location has been constructed with the recommended seed mix. The seed will be walked in with a cat.

11. Interim Surface Reclamation

A. Immediately after final well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production operations.

B. Before any dirt work associated with location restoration takes place, the reserve pit will be as dry as possible. All debris in the reserve pit will be removed. Other waste and spoil materials will be disposed of immediately, weather permitting, upon final well completion.

C. If a synthetic, nylon reinforced, liner is used, the excess liner will be cut off and removed and the remaining liner will be torn and perforated while backfilling the reserve pit.

Alternatively, the pit will be pumped dry, the liner folded into the pit, and the pit backfilled. The liner will be buried to a minimum of four (4) feet deep.

D. The reserve pit will be reclaimed within one year from the date of final well completion, weather permitting.

E. The reserve pit and that portion of the location not needed for production and storage facilities, and everyday production operations, will be reshaped to the approximate original contours to the extent possible. This will be completed by backfilling and crowning the pit to prevent water from standing. Topsoil will be spread up to the rig anchor points, excluding the area needed for production and storage facilities and everyday production operations. Reseeding, using appropriate reclamation methods, will occur immediately following the spreading of topsoil, weather permitting.

F. Access Roads: The majority of the access roads are maintained by the County Road Department.

G. Well pad: The well pad is located on lands managed by SITLA.

12. Dry Hole

A. At such time as the well is plugged and abandoned, the operator will submit a subsequent report of abandonment and DOGM will attach the appropriate surface rehabilitation conditions of approval and full restoration of the location and access road will be completed as required by the State of Utah.

13. OTHER INFORMATION

A. Cultural and archeological surveys have been conducted and a copy of these reports will be submitted to the appropriate State agencies and a copy is made a part of the APD.

B. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or Archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the

operator is to immediately stop work that might further disturb such materials, and contact the authorized agency to confirm through the State Historic Preservation Officer the appropriate mitigation standards. Upon verification from the AO the State Historic Preservation Officer that the required mitigation has been completed, the operator will then be allowed to resume construction.

C. The operator will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities.

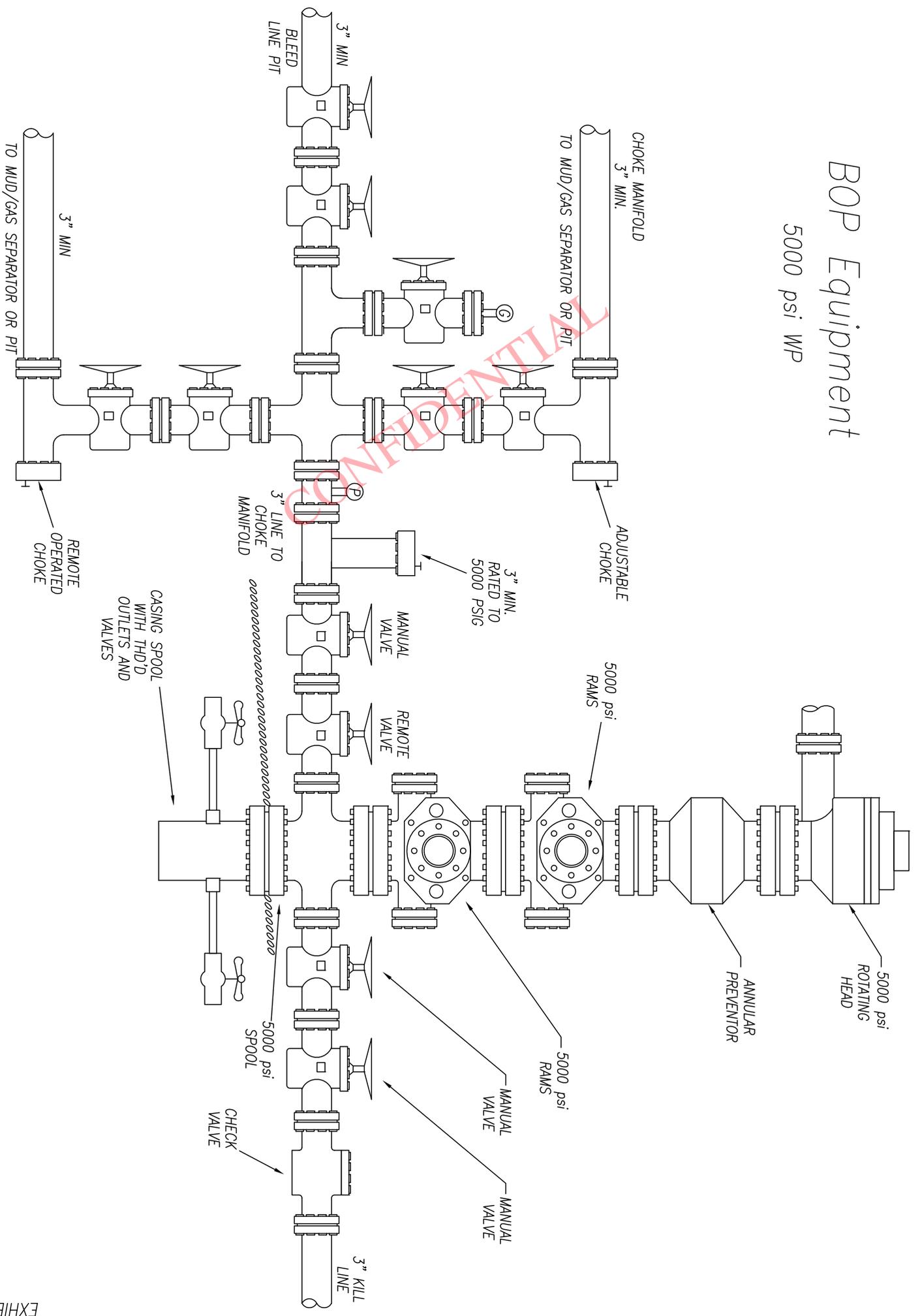
Notifications:

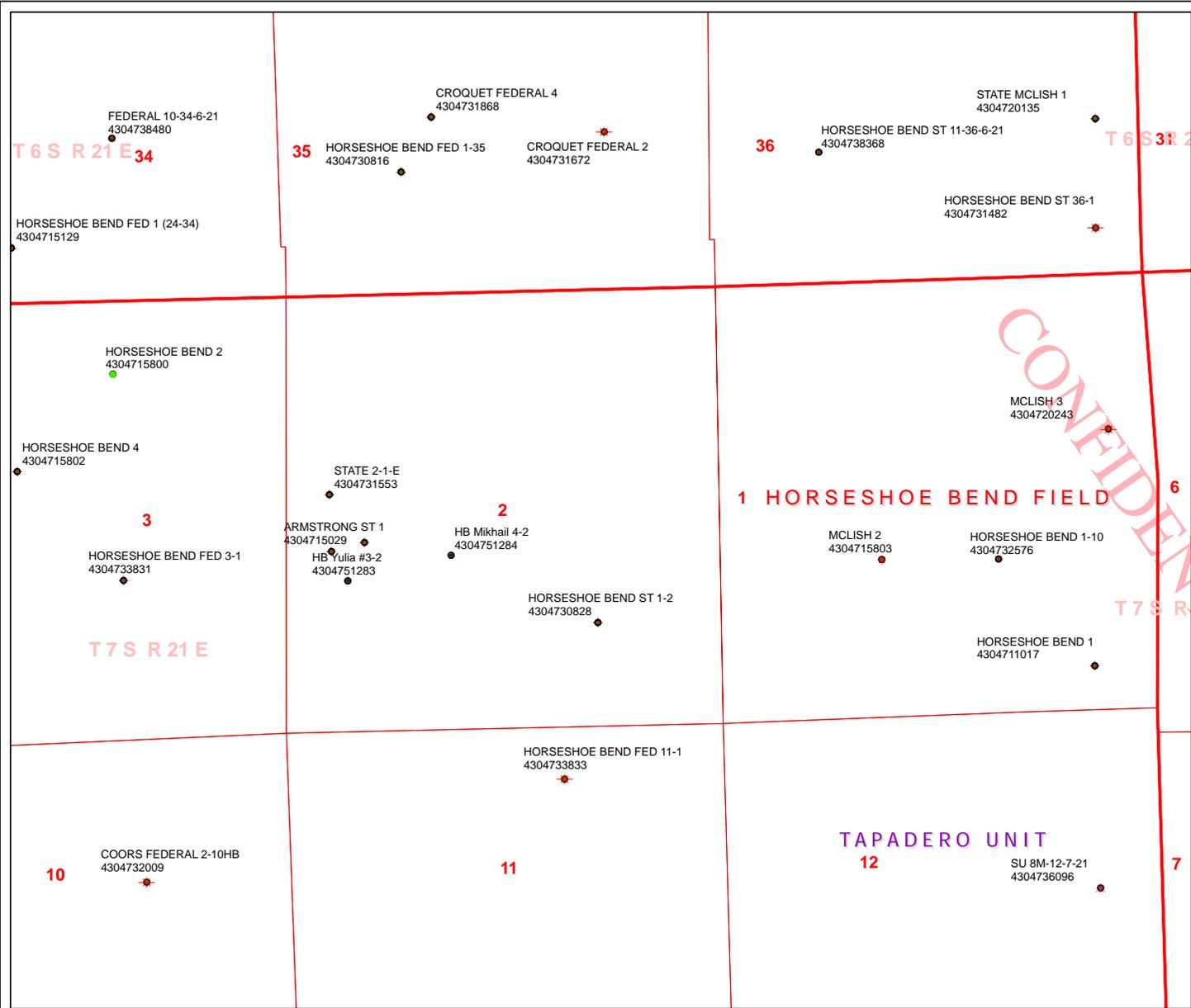
Location Construction	Twenty four (24)hours prior to construction of location and access
Location Completion	Twenty four (24)hours prior to construction of location and access
Spud Notice	Twenty four (24) hours prior to construction of location and access
Casing String and Cementing	Twenty four (24) hours prior to construction of location and access
BOP and Equipment Tests	Twenty four (24) hours prior to construction of location and access
First Production Notice	Thirty days after First Sales

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BOP Equipment

5000 psi WP

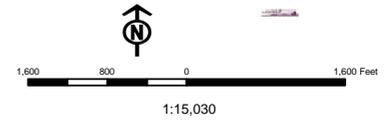




API Number: 4304751283
Well Name: HB Yulia #3-2
Township 07.0 S Range 21.0 E Section 02
Meridian: SLBM
Operator: QUINEX ENERGY CORP

Map Prepared:
 Map Produced by Diana Mason

- | | |
|-------------------------------|--------------------------------------|
| Units | Wells Query |
| STATUS | ✕ -all other values- |
| ACTIVE | ◆ APD - Approved Permit |
| EXPLORATORY | ⊙ DRL - Spudded (Drilling Commenced) |
| GAS STORAGE | ⚡ GW - Gas Injection |
| NF PP OIL | ⚡ GS - Gas Storage |
| NF SECONDARY | ⊗ LA - Location Abandoned |
| PI OIL | ⊕ LOC - New Location |
| PP GAS | ⊖ OPS - Operation Suspended |
| PP GEOTHERMAL | ⊖ PA - Plugged Abandoned |
| PP OIL | ⊖ PGW - Producing Gas Well |
| SECONDARY | ⊖ POW - Producing Oil Well |
| TERMINATED | ⊖ RET - Returned APD |
| Fields | ⊖ SGW - Shut-in Gas Well |
| Sections | ⊖ SOW - Shut-in Oil Well |
| Township | ⊖ TA - Temp. Abandoned |
| ⊙ Bottom Hole Location - AGRC | ⊖ TW - Test Well |
| | ⊖ WDW - Water Disposal |
| | ⊖ WW - Water Injection Well |
| | ⊖ WSW - Water Supply Well |



From: Jim Davis
To: Bonner, Ed; Mason, Diana
CC: Don Hamilton; Garrison, LaVonne
Date: 10/12/2010 11:20 AM
Subject: HB Yulia 3-2 and Mikhail 4-2 approvals

The following Quinex APDs have been approved by SITLA including arch and paleo clearance. No stipulations from SITLA on either resource.

HB Yulia 3-2 (4304751283) and HB Mikhail 4-2 (4304751284)

Thanks.
-Jim

Jim Davis
Utah Trust Lands Administration
jimdavis1@utah.gov
Phone: (801) 538-5156

CONFIDENTIAL

Well Name	QUINEX ENERGY CORP HB Yulia #3-2 43047512830000			
String	Surf	Prod		
Casing Size(")	9.625	7.000		
Setting Depth (TVD)	400	7200		
Previous Shoe Setting Depth (TVD)	0	400		
Max Mud Weight (ppg)	8.9	9.1		
BOPE Proposed (psi)	1000	5000		
Casing Internal Yield (psi)	3950	7240		
Operators Max Anticipated Pressure (psi)	3120	8.3		

Calculations	Surf String	9.625	"
Max BHP (psi)	.052*Setting Depth*MW=	185	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	137	YES <input type="checkbox"/> rotating head
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	97	YES <input type="checkbox"/> OK
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	97	NO <input type="checkbox"/> OK
Required Casing/BOPE Test Pressure=		400	psi
*Max Pressure Allowed @ Previous Casing Shoe=		0	psi *Assumes 1psi/ft frac gradient

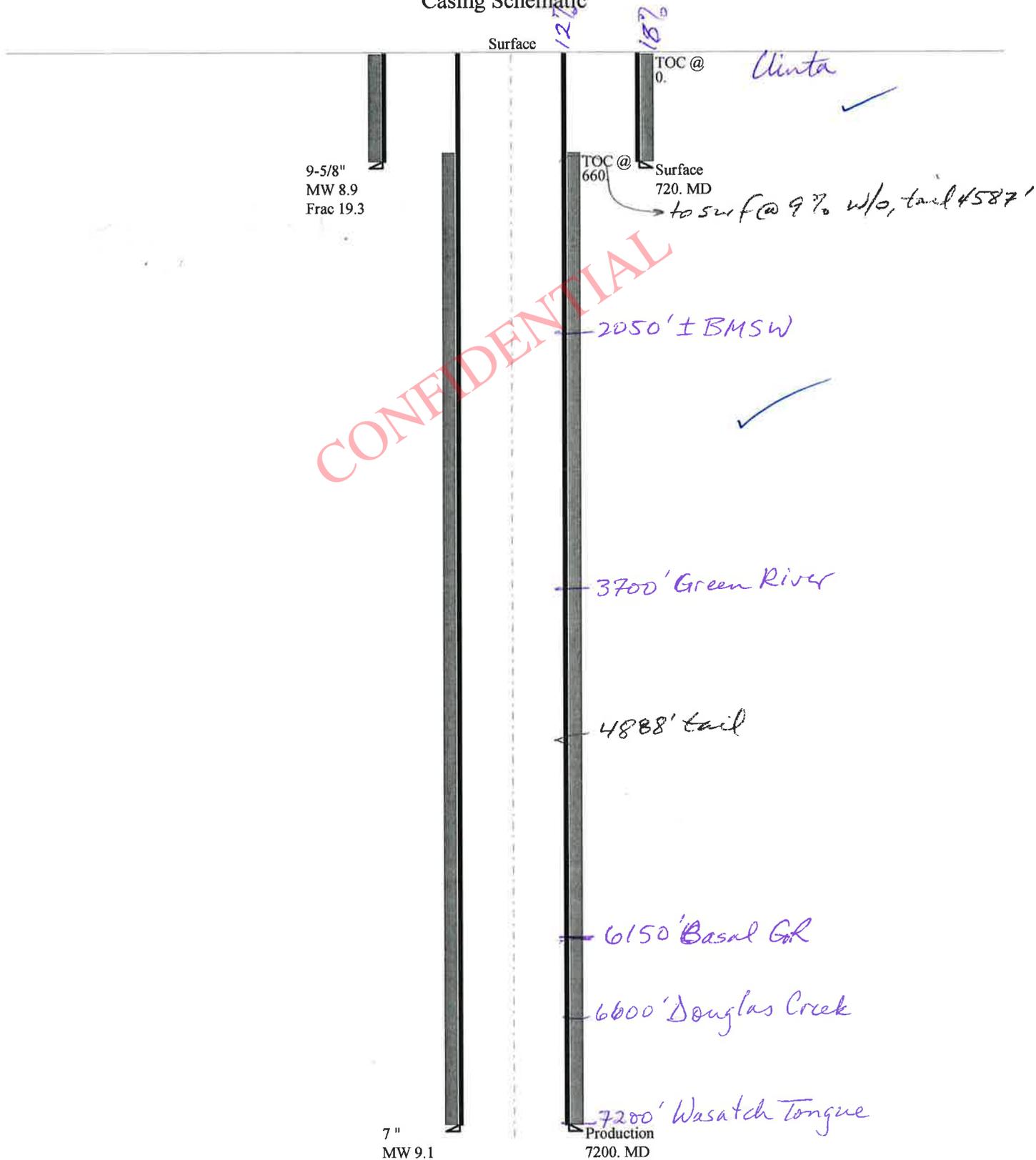
Calculations	Prod String	7.000	"
Max BHP (psi)	.052*Setting Depth*MW=	3407	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	2543	YES <input type="checkbox"/>
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	1823	YES <input type="checkbox"/> OK
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	1911	NO <input type="checkbox"/> Reasonable
Required Casing/BOPE Test Pressure=		5000	psi
*Max Pressure Allowed @ Previous Casing Shoe=		400	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 <input type="checkbox"/>
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO <input type="checkbox"/>
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO <input type="checkbox"/>
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 <input type="checkbox"/>
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO <input type="checkbox"/>
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO <input type="checkbox"/>
Required Casing/BOPE Test Pressure=			psi
*Max Pressure Allowed @ Previous Casing Shoe=			psi *Assumes 1psi/ft frac gradient

43047512830000 HB Yulia #3-2

Casing Schematic



Well name:	43047512830000 HB Yulia #3-2		
Operator:	QUINEX ENERGY CORP		
String type:	Surface	Project ID:	43-047-51283
Location:	UINTAH	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: 84 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 100 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 634 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP 720 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: 625 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 7,200 ft
 Next mud weight: 9.100 ppg
 Next setting BHP: 3,404 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 720 ft
 Injection pressure: 720 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	720	9.625	36.00	J-55	LT&C	720	720	8.796	5888
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	333	2020	6.068	720	3520	4.89	25.9	453	17.48 J

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

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

Date: October 12, 2010
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 720 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.

Well name:	43047512830000 HB Yulia #3-2		
Operator:	QUINEX ENERGY CORP		
String type:	Production	Project ID:	43-047-51283
Location:	UINTAH COUNTY		

Design parameters:

Collapse

Mud weight: 9.100 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: 175 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 100 ft

Cement top: 660 ft

Burst

Max anticipated surface pressure: 1,820 psi
 Internal gradient: 0.220 psi/ft
 Calculated BHP 3,403 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)

Non-directional string.

Tension is based on air weight.
 Neutral point: 6,211 ft

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	7200	7	26.00	N-80	LT&C	7200	7200	6.151	64007
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	3403	5410	1.590	3403	7240	2.13	187.2	519	2.77 J

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

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

Date: October 13, 2010
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 7200 ft, a mud weight of 9.1 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.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator QUINEX ENERGY CORP
Well Name HB Yulia #3-2
API Number 43047512830000 **APD No** 3006 **Field/Unit** HORSESHOE BEND
Location: 1/4,1/4 NWSW **Sec 2 Tw 7.0S Rng 21.0E** 1833 FSL 787 FWL
GPS Coord (UTM) 625125 4455082 **Surface Owner**

Participants

Floyd Bartlett (DOGM), Ben Williams and Alex Hansen (UDWR) Mike Hebertson and Paul Wells (Quinex Energy Corp.) and Jake Huffman (Huffman Enterprises-Dirt Contractor).

Regional/Local Setting & Topography

The area is approximately 15 air miles directly south of Vernal, Uintah County, Utah. Access is by State of Utah highways and Uintah County roads to within about 373 feet of the proposed pad. New construction will be required from this point.

Section 2 is an isolated lease section primarily owned by SITLA with what appears to be private lands in the north portion. The minerals are also SITLA. The bottom or south end of the Horseshoe Bend of the Green river cuts in an east to west direction through the north end of the section. The section is bordered on the other three sides by Federal lands administered by the BLM. Topography in the general area is undulating except steep where it drops into the Green River valley. The Green River is approximately ¼ air-miles to the north. No streams springs or open water occur in the immediate area.

The pad for the proposed HB Yulia #3-2 oil well is oriented in an east to west direction on the south gentle slope of a ridge. To the north approximately 1/8 mile this ridge breaks off into the Green River. To the south is rolling undulating terrain. A shallow wide swale begins in the area and runs to the southwest. Also, a swale on the east side of the center stake in bed-rock extends through the site. No diversions are needed. A County road parallels the pad on the north. The borrow pit and the road berm will keep any road runoff from entering the location. The selected site is within the normal drilling window and appears to be stable and a suitable site for drilling and operating the well.

Surface Use Plan

Current Surface Use

- Grazing
- Recreational
- Wildlife Habitat

New Road Miles	Well Pad	Src Const Material	Surface Formation
0.06	Width 260 Length 355	Onsite	DUCHR

Ancillary Facilities N

Waste Management Plan Adequate?

Environmental Parameters

Affected Floodplains and/or Wetlands N

Flora / Fauna

Vegetation is a desert shrub community. Principal plants include. Big sage, black sage, buckwheat, Mormon Tea, needle and thread grass, rabbit brush, Indian rice grass, horse brush, cheat grass, greasewood, curly mesquite, broom snake weed, prickly pear aster and annuals.

Cattle, antelope, coyote, small mammals and birds.

Soil Type and Characteristics

Shallow sandy loam with exposed sandstone bedrock.

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required? N

Berm Required? N

Erosion Sedimentation Control Required? N

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



Reserve Pit

Site-Specific Factors

Site Ranking

Distance to Groundwater (feet)	100 to 200	5
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	High permeability	20
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)		0
Affected Populations		
Presence Nearby Utility Conduits	Not Present	0
	Final Score	30

Sensitivity Level

Characteristics / Requirements

A reserve pit to hold the drilling fluids is planned in the north west side of the location. It is 80' x 100' by 10' deep. No stability problems are expected. The pit will be lined with a minimum of 16-mil liner with a felt sub-liner.

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

Other Observations / Comments

Floyd Bartlett
Evaluator

10/4/2010
Date / Time

Application for Permit to Drill

Statement of Basis

10/25/2010

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Owner	CBM
3006	43047512830000	LOCKED	OW	S	No
Operator	QUINEX ENERGY CORP		Surface Owner-APD		
Well Name	HB Yulia #3-2		Unit		
Field	HORSESHOE BEND		Type of Work		DRILL
Location	NWSW 2 7S 21E S 1833 FSL 787 FWL		GPS Coord (UTM)		625132E 4455091N

Geologic Statement of Basis

Quinex proposes to set 400 feet of surface casing at this location. The depth to the base of the moderately saline ground water is estimated to be 2,050 feet. A search of Division of Water Rights records indicates that there are no water wells within a 10,000 foot radius of the center of Section 2. The surface formation at the proposed site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The sandstones are mostly lenticular and discontinuous and is not expected to be a high volume source of ground water. Production casing cement should be brought up to the base of the moderately saline ground water in order to isolate it from fresher waters uphole.

Brad Hill
APD Evaluator

10/5/2010
Date / Time

Surface Statement of Basis

The area is approximately 15 air miles directly south of Vernal, Uintah County, Utah. Access is by State of Utah highways and Uintah County roads to within about 373 feet of the proposed pad. New construction will be required from this point.

Section 2 is an isolated lease section primarily owned by SITLA with what appears to be private lands in the north portion. The minerals are also SITLA. The bottom or south end of the Horseshoe Bend of the Green river cuts in an east to west direction through the north end of the section. The section is bordered on the other three sides by Federal lands administered by the BLM. Topography in the general area is undulating except steep where it drops into the Green River valley. The Green River is approximately ¼ air-miles to the north. No streams springs or open water occur in the immediate area.

The pad for the proposed HB Yulia #3-2 oil well is oriented in an east to west direction on the south gentle slope of a ridge. To the north approximately 1/8 mile this ridge breaks off into the Green River. To the south is rolling undulating terrain. A shallow wide swale begins in the area and runs to the southwest. Also, a swale on the east side of the center stake in bed-rock extends through the site. No diversions are needed. A County road parallels the pad on the north. The borrow pit and the road berm will keep any road runoff from entering the location. The selected site is within the normal drilling window and appears to be stable and a suitable site for drilling and operating the well.

Ben Williams and Alex Hansen represented the Utah Division of Wildlife Resources at the pre-site visit. Mr. William stated the area is classified as crucial yearlong habitat for antelope. However, he did not recommended and restrictions for this species. No other wildlife is expected to be significantly affected. SITLA was invited but did not attend. SITLA is to be contacted for reclamation standards including seed mixes to be used.

Floyd Bartlett
Onsite Evaluator

10/4/2010
Date / Time

Application for Permit to Drill Statement of Basis

10/25/2010

Utah Division of Oil, Gas and Mining

Page 2

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 16 mils with a felt subliner shall be properly installed and maintained in the reserve pit.
Surface	The reserve pit shall be fenced upon completion of drilling operations.
Surface	The well site shall be bermed to prevent fluids from leaving the pad.

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**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 9/7/2010

API NO. ASSIGNED: 43047512830000

WELL NAME: HB Yulia #3-2

OPERATOR: QUINEX ENERGY CORP (N9995)

PHONE NUMBER: 435 719-2018

CONTACT: Don Hamilton

PROPOSED LOCATION: NWSW 02 070S 210E

Permit Tech Review:

SURFACE: 1833 FSL 0787 FWL

Engineering Review:

BOTTOM: 1833 FSL 0787 FWL

Geology Review:

COUNTY: UINTAH

LATITUDE: 40.23882

LONGITUDE: -109.52899

UTM SURF EASTINGS: 625132.00

NORTHINGS: 4455091.00

FIELD NAME: HORSESHOE BEND

LEASE TYPE: 3 - State

LEASE NUMBER: ML-50418

PROPOSED PRODUCING FORMATION(S): GREEN RIVER-WASATCH

SURFACE OWNER: 3 - State

COALBED METHANE: NO

RECEIVED AND/OR REVIEWED:

- PLAT**
- Bond:** STATE/FEE - NZS499876
- Potash**
- Oil Shale 190-5**
- Oil Shale 190-3**
- Oil Shale 190-13**
- Water Permit:** Naple City Munciple Water Source
- RDCC Review:**
- Fee Surface Agreement**
- Intent to Commingle**

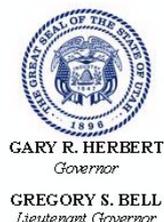
Commingling Approved

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: 5 - Statement of Basis - bhill
23 - Spacing - dmason



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: HB Yulia #3-2
API Well Number: 43047512830000
Lease Number: ML-50418
Surface Owner: STATE
Approval Date: 10/25/2010

Issued to:

QUINEX ENERGY CORP, 465 South 200 West, Bountiful, UT 84010

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-WASATCH Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

Duration:

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

General:

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

Conditions of Approval:

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

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

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 <https://oilgas.ogm.utah.gov>
- 24 hours prior to testing blowout prevention equipment - contact Dan Jarvis
- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- Within 24 hours of making any emergency changes to the approved drilling program – contact Dustin Doucet
- 24 hours prior to commencing operations to plug and abandon the well – contact Dan Jarvis

Contact Information:

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

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

Reporting Requirements:

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

- Entity Action Form (Form 6) – due within 5 days of spudding the well
- Monthly Status Report (Form 9) – due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) – due prior to implementation
- Written Notice of Emergency Changes (Form 9) – due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) – due prior to implementation
- Report of Water Encountered (Form 7) – due within 30 days after completion
- Well Completion Report (Form 8) – due within 30 days after completion or plugging

Approved By:



For John Rogers
Associate Director, Oil & Gas

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: ML-50418
---	---

SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME:
--	--

1. TYPE OF WELL Oil Well	8. WELL NAME and NUMBER: HB YULIA #3-2
------------------------------------	--

2. NAME OF OPERATOR: QUINEX ENERGY CORP	9. API NUMBER: 43047512830000
---	---

3. ADDRESS OF OPERATOR: 465 South 200 West , Bountiful, UT, 84010	PHONE NUMBER: 801 292-3800 Ext	9. FIELD and POOL or WILDCAT: HORSESHOE BEND
---	--	--

4. LOCATION OF WELL FOOTAGES AT SURFACE: 1833 FSL 0787 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWSW Section: 02 Township: 07.0S Range: 21.0E Meridian: S	COUNTY: UINTAH 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 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 checked="" type="checkbox"/> SPUD REPORT Date of Spud: 11/10/2010	<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 type="checkbox"/> OTHER	OTHER: <input style="width: 100px;" type="text"/>

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

This well was dry hole spud at 9:00 AM on 9 November 2010 using Leon Ross as contractor. The casing will be cemented by 6:00 PM Wednesday 10 November 2010.

Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY
 November 13, 2010

NAME (PLEASE PRINT) K. Michael Hebertson	PHONE NUMBER 801 292-3800	TITLE Geologist
SIGNATURE N/A	DATE 11/10/2010	

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9
5. LEASE DESIGNATION AND SERIAL NUMBER: ML-50418	

SUNDRY NOTICES AND REPORTS ON WELLS	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
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.	7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL Oil Well	8. WELL NAME and NUMBER: HB YULIA #3-2
------------------------------------	--

2. NAME OF OPERATOR: QUINEX ENERGY CORP	9. API NUMBER: 43047512830000
---	---

3. ADDRESS OF OPERATOR: 465 South 200 West , Bountiful, UT, 84010	PHONE NUMBER: 801 292-3800 Ext
9. FIELD and POOL or WILDCAT: HORSESHOE BEND	

4. LOCATION OF WELL FOOTAGES AT SURFACE: 1833 FSL 0787 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWSW Section: 02 Township: 07.0S Range: 21.0E Meridian: S	COUNTY: UINTAH
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"/> 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"/> 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: 50px;" type="text" value="See Below"/>
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 11/15/2010			
<input type="checkbox"/> SPUD REPORT Date of Spud:			
<input type="checkbox"/> DRILLING REPORT Report Date:			

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

While drilling the surface hole for this well water was encountered at approximately 578'. The flow did not hamper drilling operations and was not sufficient to reach the surface without the aid of the air drilling equipment at the location at the time. The zone has subsequently been shutoff and is cemented behind the 9 5/8" surface casing. The surface casing has been set to 720' as stipulated in the APD and cement reached the surface during the primary cementing operation. After the pumps were shut down the cement fell about 150 feet. The cement was allowed to set for 3 hours and a one inch string was lowered into the annulus and a 50 sack top job was pumped. Cement has reached to within 2 feet of the surface without further loss.

Accepted by the
 Utah Division of
 Oil, Gas and Mining
FOR RECORD ONLY

NAME (PLEASE PRINT) K. Michael Hebertson	PHONE NUMBER 801 292-3800	TITLE Geologist
SIGNATURE N/A	DATE 11/15/2010	

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

FORM 6

ENTITY ACTION FORM

Operator: Quinex Energy Corporation
Address: 465 South 200 West
city Bountiful
state UT zip 84010

Operator Account Number: N 9995
Phone Number: (801) 292-3800

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4304751283	HB Yulia 3-2		NWSW	2	07S	21E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
A	99999	17876	11/9/2010			11/29/10	
Comments: <u>GR-WS</u>							CONFIDENTIAL

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
4304751284	HB Mikhail 4-2		NESW	2	07S	21E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
A	99999	17877	11/15/2010			11/29/10	
Comments: <u>GR-WS</u>							CONFIDENTIAL

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
Comments: 							

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

K. Michael Hebertson (Signature on file)

Name (Please Print)

Signature

President

Title

11/19/2010

Date

RECEIVED
NOV 22 2010

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: ML-50418
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL Oil Well	8. WELL NAME and NUMBER: HB YULIA #3-2
2. NAME OF OPERATOR: QUINEX ENERGY CORP	9. API NUMBER: 43047512830000
3. ADDRESS OF OPERATOR: 465 South 200 West , Bountiful, UT, 84010	PHONE NUMBER: 801 292-3800 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1833 FSL 0787 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWSW Section: 02 Township: 07.0S Range: 21.0E Meridian: S	9. FIELD and POOL or WILDCAT: HORSESHOE BEND COUNTY: UINTAH 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 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 checked="" type="checkbox"/> SPUD REPORT Date of Spud: 12/11/2010	<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 type="checkbox"/> OTHER	OTHER: <input style="width: 100px;" type="text"/>

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

The Rotary spud for this well will take place within 24 hours. BOP equipment will be tested on Friday night December 10 2010. For further information contact Paul Wells at 1-435-823-5326.

Accepted by the
 Utah Division of
 Oil, Gas and Mining
FOR RECORD ONLY

NAME (PLEASE PRINT) K. Michael Hebertson	PHONE NUMBER 801 292-3800	TITLE Geologist
SIGNATURE N/A		DATE 12/9/2010

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: ML-50418
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL Oil Well	8. WELL NAME and NUMBER: HB YULIA #3-2
2. NAME OF OPERATOR: QUINEX ENERGY CORP	9. API NUMBER: 43047512830000
3. ADDRESS OF OPERATOR: 465 South 200 West , Bountiful, UT, 84010	PHONE NUMBER: 801 292-3800 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1833 FSL 0787 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWSW Section: 02 Township: 07.0S Range: 21.0E Meridian: S	9. FIELD and POOL or WILDCAT: HORSESHOE BEND COUNTY: UINTAH 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"/> 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"/> 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 type="text" value="Total Depth"/>
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 12/18/2010			
<input type="checkbox"/> SPUD REPORT Date of Spud:			
<input type="checkbox"/> DRILLING REPORT Report Date:			

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

The well reached a Total Depth of 7,211 feet at 3:30 PM 16 December 2010.

No logs were run due to poor hole conditions and casing was run as follows: Rig up Casing Crew Pick up and run 177 JTS OF 7" 26 lb/ft N80 CASING to TD. Rig up PRO PETRO and pump Cement as follows: LEAD 180SKS 50/50 POZ and TAIL 630 SKS "G"; Returns throughout Mud Flush to Surface for the last 4 BBLs pumped, No Cement. Estimated Cement Top 690'. Cemented and Plug Down at 8:30 PM 18 Dec 2010. Cased hole logs will be obtained at a later date.

Accepted by the
 Utah Division of
 Oil, Gas and Mining
FOR RECORD ONLY

NAME (PLEASE PRINT) K. Michael Hebertson	PHONE NUMBER 801 292-3800	TITLE Geologist
SIGNATURE N/A		DATE 12/20/2010

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: ML-50418
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL Oil Well	8. WELL NAME and NUMBER: HB YULIA #3-2
2. NAME OF OPERATOR: QUINEX ENERGY CORP	9. API NUMBER: 43047512830000
3. ADDRESS OF OPERATOR: 465 South 200 West , Bountiful, UT, 84010	PHONE NUMBER: 801 292-3800 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1833 FSL 0787 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWSW Section: 02 Township: 07.0S Range: 21.0E Meridian: S	9. FIELD and POOL or WILDCAT: HORSESHOE BEND COUNTY: UINTAH 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 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 checked="" type="checkbox"/> DRILLING REPORT Report Date: 1/10/2011	<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 type="checkbox"/> OTHER	OTHER: <input style="width: 100px;" type="text"/>

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

Waiting on Completion.

Accepted by the
 Utah Division of
 Oil, Gas and Mining
FOR RECORD ONLY

NAME (PLEASE PRINT) K. Michael Hebertson	PHONE NUMBER 801 292-3800	TITLE Geologist
SIGNATURE N/A		DATE 1/10/2011

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: ML-50418
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: HB YULIA #3-2	
2. NAME OF OPERATOR: QUINEX ENERGY CORP	9. API NUMBER: 43047512830000	
3. ADDRESS OF OPERATOR: 465 South 200 West , Bountiful, UT, 84010	PHONE NUMBER: 801 292-3800 Ext	9. FIELD and POOL or WILDCAT: HORSESHOE BEND
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1833 FSL 0787 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWSW Section: 02 Township: 07.0S Range: 21.0E Meridian: S	COUNTY: UINTAH	
	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 type="checkbox"/> SPUD REPORT Date of Spud: <input checked="" type="checkbox"/> DRILLING REPORT Report Date: 7/19/2011	<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 checked="" 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 type="text" value="Testing"/>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.		
<p>Qinex is currently test the lower Green River for hydrocarbon production. Testing will continue for at least 30 days prior to production being determined.</p> <p style="text-align: right;">Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY</p>		
NAME (PLEASE PRINT) K. Michael Hebertson	PHONE NUMBER 801 292-3800	TITLE Geologist
SIGNATURE N/A	DATE 7/19/2011	

CONFIDENTIAL

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

<p>1a. TYPE OF WELL: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER _____</p> <p>b. TYPE OF WORK: NEW WELL <input checked="" type="checkbox"/> HORIZ LATS. <input type="checkbox"/> DEEP-EN <input type="checkbox"/> RE-ENTRY <input type="checkbox"/> DIFF. RESVR. <input type="checkbox"/> OTHER _____</p> <p>2. NAME OF OPERATOR: Quinex Energy Corporation</p> <p>3. ADDRESS OF OPERATOR: 465 West 200 South CITY Bountiful STATE UT ZIP 84010 PHONE NUMBER: _____</p> <p>4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1,833' FSL 787' FWL AT TOP PRODUCING INTERVAL REPORTED BELOW: Same AT TOTAL DEPTH: Same</p>	<p>5. LEASE DESIGNATION AND SERIAL NUMBER: ML-50418</p> <p>6. IF INDIAN, ALLOTTEE OR TRIBE NAME: _____</p> <p>7. UNIT or CA AGREEMENT NAME: _____</p> <p>8. WELL NAME and NUMBER: HB Yulia #3-2</p> <p>9. API NUMBER: 4304751283</p> <p>10. FIELD AND POOL, OR WILDCAT Horseshoe Bend</p> <p>11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 2 7S 21E S</p> <p>12. COUNTY Uintah</p> <p>13. STATE UTAH</p>
---	---

14. DATE SPUDDED: 11/9/2010	15. DATE T.D. REACHED: 12/17/2010	16. DATE COMPLETED: 8/20/2011	ABANDONED <input type="checkbox"/> READY TO PRODUCE <input checked="" type="checkbox"/>	17. ELEVATIONS (DF, RKB, RT, GL): DF5051KB5052GL503
18. TOTAL DEPTH: MD 7,166 TVD _____	19. PLUG BACK T.D.: MD _____ TVD _____	20. IF MULTIPLE COMPLETIONS, HOW MANY? *		21. DEPTH BRIDGE MD 7,875 PLUG SET: TVD _____
22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each) Imaging Behind Casing, RST			23. WAS WELL CORED? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit analysis) WAS DST RUN? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit report) DIRECTIONAL SURVEY? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit copy)	

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

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
12 1/4"	9 5/8"		0	739		Premi 370		surface	
8 5/8"	7.0" N-80	26	0	7,160		Lead 180			
						Tail 630		surface	

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 7/8'	6,720	6,690						

26. PRODUCING INTERVALS					27. PERFORATION RECORD				
FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS	
(A) Green River	3,600	7,006			6,850 6,868	0.36	72	Open <input checked="" type="checkbox"/>	Squeezed <input type="checkbox"/>
(B) Wasatch (Transitic)	7,006				6,920 6,932	0.36	36	Open <input checked="" type="checkbox"/>	Squeezed <input type="checkbox"/>
(C)								Open <input type="checkbox"/>	Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/>	Squeezed <input type="checkbox"/>

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

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
6850' - 6868'	71,085 gal. (1,692 bbl.); 79,282 #, adds. (670 gals., 95 #)
6920' - 6932'	81,651 gal. (1,944 bbl.); 123,124#, adds. (874 gal., 165#)

<p>29. ENCLOSED ATTACHMENTS:</p> <p><input type="checkbox"/> ELECTRICAL/MECHANICAL LOGS <input type="checkbox"/> GEOLOGIC REPORT <input type="checkbox"/> DST REPORT <input type="checkbox"/> DIRECTIONAL SURVEY</p> <p><input type="checkbox"/> SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION <input type="checkbox"/> CORE ANALYSIS <input type="checkbox"/> OTHER: RECEIVED</p>	<p>30. WELL STATUS: Producing</p>
---	--

31. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED: 7/19/2011		TEST DATE:		HOURS TESTED: 0		TEST PRODUCTION RATES: →		OIL – BBL: 20	GAS – MCF:	WATER – BBL: 100	PROD. METHOD: lift
CHOKE SIZE:	TBG. PRESS. 10	CSG. PRESS. 50	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL: 20	GAS – MCF:	WATER – BBL: 100	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.)

Used on lease

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:

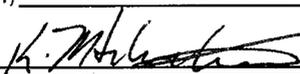
Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Green River	3,600	7,006	Sandstone	Tgr Basal Tgr Douglas Creek Wasatch Tongue	5,966 6,426 7,006

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) K. Michael Hebertson

TITLE Geologist

SIGNATURE 

DATE 8/24/2011

This report must be submitted within 30 days of

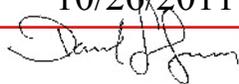
- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon 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

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: ML-50418			
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:			
1. TYPE OF WELL Oil Well		7. UNIT or CA AGREEMENT NAME:			
2. NAME OF OPERATOR: QUINEX ENERGY CORP		8. WELL NAME and NUMBER: HB YULIA #3-2			
3. ADDRESS OF OPERATOR: 465 South 200 West , Bountiful, UT, 84010		9. API NUMBER: 43047512830000			
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1833 FSL 0787 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWSW Section: 02 Township: 07.0S Range: 21.0E Meridian: S		9. FIELD and POOL or WILDCAT: HORSESHOE BEND			
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		COUNTY: UINTAH			
STATE: UTAH					
TYPE OF SUBMISSION	TYPE OF ACTION				
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 10/13/2011 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <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 </td> <td style="width: 33%; vertical-align: top;"> <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 </td> <td style="width: 33%; vertical-align: top;"> <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: Reserve Pit Extension </td> </tr> </table>		<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: Reserve Pit Extension
<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: Reserve Pit Extension			
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. This well is still in the evaluation stage and further completion work is being scheduled. Quinex is therefore requesting an extension of 8 months to keep the reserve open. Quinex will maintain the fence around the pit and will haul water to an approved disposal facility as necessary to assure compliance with State of Utah standards.					
Approved by the Utah Division of Oil, Gas and Mining		Date: <u>10/26/2011</u> By: <u></u>			
NAME (PLEASE PRINT) K. Michael Hebertson	PHONE NUMBER 801 292-3800	TITLE Geologist			
SIGNATURE N/A	DATE 10/13/2011				

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: ML-50418
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL Oil Well		7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: QUINEX ENERGY CORP		8. WELL NAME and NUMBER: HB YULIA #3-2
3. ADDRESS OF OPERATOR: 465 South 200 West , Bountiful, UT, 84010		9. API NUMBER: 43047512830000
PHONE NUMBER: 801 292-3800 Ext		9. FIELD and POOL or WILDCAT: HORSESHOE BEND
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1833 FSL 0787 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWSW Section: 02 Township: 07.0S Range: 21.0E Meridian: S		COUNTY: UINTAH
		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 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 checked="" type="checkbox"/> DRILLING REPORT Report Date: 1/12/2012	<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 type="checkbox"/> OTHER	OTHER: <input style="width: 100px;" type="text"/>

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

Shut-In for further evaluation

**Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY
January 13, 2012**

NAME (PLEASE PRINT) K. Michael Hebertson	PHONE NUMBER 801 292-3800	TITLE Geologist
SIGNATURE N/A	DATE 1/12/2012	



GARY R. HERBERT
Governor

SPENCER J. COX
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

June 11, 2014

Certified Mail No. 7003 2260 0003 2358 7264

Mr. Tyler Wells
Quinex Energy Corp
465 S 200 W STE 300
Bountiful, UT 84010

43 047 51283
HR Yulia #3-2
2 TS 2IE

Subject: Extended Shut-in and Temporary Abandoned Well Requirements for Fee or State Leases

Dear Mr. Tyler Wells:

As of April 2014, Quinex Energy Corp has two (2) State Lease Wells (see attachment A) that are currently in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status.

Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Utah Division of Oil, Gas & Mining with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Please note that the Divisions preferred method for showing well integrity is by MIT.



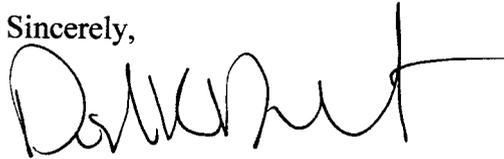
Page 2
Quinex Energy Corp
June 11, 2014

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet
Petroleum Engineer

DKD/JP/js

cc: Compliance File
Well File
LaVonne Garrison, SITLA

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITLA

ATTACHMENT A

	Well Name	API	LEASE	Years Inactive
→ 1	HB YULIA #3-2	43-047-51283	ML-50418	2 years 8 months
2	EINERSON 1-4B1E	43-047-31940	ML-44771	2 years 1 month



GARY R. HERBERT
Governor

SPENCER J. COX
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

November 17, 2014

CERTIFIED MAIL #7011 2970 0001 8828 1887

43 047 51283
HB Yulia #3-2
2 TS 2LE

Mr. Tyler Wells
Quinex Energy Corp
465 S 200 W STE 300
Bountiful, UT 84010

Subject: Extended Shut-in and Temporary Abandoned Well Requirements for Fee or State Leases

Dear Mr. Wells:

As of April 2014, Quinex Energy Corp (Quinex) has two (2) State Lease Wells (see attachment A) that are currently in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. The Division sent Quinex a notice concerning these wells on June 11, 2014. To this date, the Division has not received any response from Quinex, nor has any record of work been done to move these wells out of non-compliance status. Please immediately address this matter.

Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Utah Division of Oil, Gas & Mining with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Please note that the Divisions preferred method for showing well integrity is by MIT.



Page 2
Quinex Energy Corp
November 17, 2014

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet
Petroleum Engineer

DKD/JP/js

cc: Compliance File
Well File
LaVonne Garrison, SITLA

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

ATTACHMENT A



	Well Name	API	LEASE	Years Inactive
1	HB YULIA #3-2	43-047-51283	ML-50418	2 years 8 months
2	EINERSON 1-4B1E	43-047-31940	ML-44771	2 years 1 month

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

NOTICE OF VIOLATION
STATE OF UTAH
OIL AND GAS CONSERVATION ACT



TO THE FOLLOWING OPERATOR:

Operator Name: QUINEX ENERGY CORP

Mailing Address: ATTN: MR. TYLER WELLS

465 S 200 W STE 300

BOUNTIFUL, UT 84010

Well(s) or Site(s): 1) HB YULIA #3-2 API #: 43-047-51283 ←

2) EINERSON 1-4B1E API #: 43-047-31940

3) CHASEL-SPROUSE 1-18A1E API #: 43-047-31695

2 75 21E

Date and Time of Inspection/Violation: June 17, 2015

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

Description of Violation(s):

Rule R649-3-36, Shut-in and Temporarily Abandoned Wells – According to Rule R649-3-36, the operator is required to supply the Division with reasons for extended SI/TA, the length of time for extended SI/TA and proof of well bore integrity for every well SI/TA over 12 consecutive months. After five (5) years of continued SI/TA, the wells are to be plugged unless good cause is supplied to the Division for extended SI/TA in addition to the required information just mentioned.

Rule R649-3-4.3 Bonding – If the division finds that a well subject to this bonding rule is in violation of Rule R649-3-36, Shut-in and Temporarily Abandoned Wells, the division shall require a bond amount for the applicable well in the amount of actual plugging and site restorations costs.

Rule R649-3-4.41 Bonding – Within 30 days of notification by the division, the operator shall submit to the division an estimate of plugging and site restoration costs for division review and approval.

The Division has initiated several contacts with Quinex Energy Corp (Quinex) requesting required documents and action per R649-3-36. Wells #1 and #2 listed have previously been issued SI/TA Notices, most recently on November 18, 2014. The Division has not received information nor seen evidence of any work done to move these wells out of non-compliance status. Well #3 has been added to Quinex's SI/TA list as being in non-compliance.

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

These wells are in violation of R-649-3-36 as listed above, therefore Quinex is required to submit information to meet the requirements required by R649-3-36, plug and abandon or place back on production. Also Quinex is required to put up full cost bonding for the wells in violation above per R649-3-4.

Immediate Action: For the wells subject to this notice, Quinex shall fulfill full cost bonding. Quinex shall also submit plugging plans for the wells contained in this Notice.

* Fines may be levied up to \$10,000.00 per day for every well in violation given the authority provided under 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. Further actions may include initiation of agency actions and requests for bond forfeiture and civil penalties.

Compliance Deadline: August 1, 2015

Date of Service Mailing: June 25, 2015 Certified Mail No.: 7014 | 2870 0001 4232 4481


Division Representative Signature

Operator Representative (if presented in person)

cc: Compliance File
Well Files
LaVonne Garrison, SITLA

1/2013

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

RECEIVED

AUG 06 2015

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS, GAS & MINING

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.

1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-50418
2. NAME OF OPERATOR: QUINEX ENERGY CORPORATION		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 465 S 200 W CITY BOUNTIFUL STATE UT ZIP 84010		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: 801-292-3800		8. WELL NAME and NUMBER: HB YULIA 3-2
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1833 FSL 787 FWL		9. API NUMBER: 4304751283
COUNTY: UINTAH		10. FIELD AND POOL, OR WILDCAT: HORSESHOE BEND
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 2 7S 21E S		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 (Submit in Duplicate) Approximate date work will start: 9-1-2015	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input checked="" type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input checked="" type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input checked="" type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

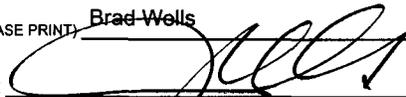
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Quinex Energy Corp. is proposing the following for the HB Yulia 3-2 well. Quinex is working in partnership with Crescent Point Energy to recomplete the 3-2 well. First, the current perforations that are producing mainly water will be shut off. Next new perforations will be chosen based on logs and analysis of other wells surrounding the 3-2. Then the new perforations will be fracture treated with a hydraulic frac. The well will then be put back on production. Work is scheduled to begin in approximately 90 days, but can be accelerated if approval is given sooner.

COPY SENT TO OPERATOR

Date: 10-26-2015

Initials: KS

NAME (PLEASE PRINT) <u>Brad Wells</u>	TITLE <u>Field Office Manager</u>
SIGNATURE 	DATE <u>7/14/2015</u>

(This space for State use only)

Accepted by the
Utah Division of
Oil, Gas and Mining
For Record Only

(5/2000)

(See Instructions on Reverse Side)

* When details of recompletion are confirmed, submit a sundry via epermit for approval prior to commencing work.



QUINEX ENERGY CORPORATION

RECEIVED
AUG 06 2015
DIV. OF OIL, GAS & MINING

July 27, 2015

Certified No: 7014 3490 0001 3699 0055

Utah Department of Natural Resources
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210 / Box 145801
Salt Lake City, Utah 84114-5801

Attention: Mr. Dustin Dorsett

Re: 1. HB Yulia #3-2 43-047-51283
2. Einerson #1-4B1E 43-047-31940
3. Chasel Sprouse #1-18A1E 43-047-31695

Dear Mister Dorsett:

As per our conversation on July 7, 2015 I am forwarding on to you the Sundry Notices that you requested for the HB Yulia #3-4 and the Einerson #1-4B1E wells. Quinex plans to have the Workovers done by the end of September 2015.

Also enclosed is a copy of a letter from the BIA Acting Deputy Superintendent - Antonio Pingree regarding the re-issuing of Tribal Leases that terminated the first part of May 2015. The Chasel Sprouse #1-18A1E referenced above is on the list. This well had a new liner installed in 2011 and therefore has no issues with the integrity of the well casing. Quinex will begin production on this well as soon as the BIA issues the new leases.

If you should have any questions or concerns please let me know.

Sincerely,

A handwritten signature in black ink, appearing to be "JW", written over a large, stylized flourish.

QUINEX ENERGY CORPORATION
John Wells / President

JW/sp

Enclosures

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

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. Further actions may include initiation of agency actions to order full cost bonding and plugging and abandonment of wells and requests for bond forfeiture and civil penalties.

Compliance Deadline: October 31, 2016

Date of Service Mailing: September 27, 2016 Certified Mail No.: 7015 0640 0003 5276 0358



Division Representative Signature

cc: Compliance File
Well Files
LaVonne Garrison, SITLA

4/2016