

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

FORM 3

AMENDED REPORT

<b>APPLICATION FOR PERMIT TO DRILL</b>						<b>1. WELL NAME and NUMBER</b> Arnold 2-4B1E					
<b>2. TYPE OF WORK</b> DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>						<b>3. FIELD OR WILDCAT</b> BLUEBELL					
<b>4. TYPE OF WELL</b> Oil Well Coalbed Methane Well: NO						<b>5. UNIT or COMMUNITIZATION AGREEMENT NAME</b>					
<b>6. NAME OF OPERATOR</b> QUINEX ENERGY CORP						<b>7. OPERATOR PHONE</b> 801 292-3800					
<b>8. ADDRESS OF OPERATOR</b> 465 South 200 West, Bountiful, UT, 84010						<b>9. OPERATOR E-MAIL</b> mike@quinexenergy.com					
<b>10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE)</b> Patented			<b>11. MINERAL OWNERSHIP</b> FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>			<b>12. SURFACE OWNERSHIP</b> FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>					
<b>13. NAME OF SURFACE OWNER (if box 12 = 'fee')</b> Bobby Arnold						<b>14. SURFACE OWNER PHONE (if box 12 = 'fee')</b> 465-722-9084					
<b>15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')</b> Rt. 2 Box 2642, Roosevelt, UT 84066						<b>16. SURFACE OWNER E-MAIL (if box 12 = 'fee')</b>					
<b>17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')</b>			<b>18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS</b> YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>			<b>19. SLANT</b> VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>					
<b>20. LOCATION OF WELL</b>		<b>FOOTAGES</b>		<b>QTR-QTR</b>	<b>SECTION</b>	<b>TOWNSHIP</b>	<b>RANGE</b>	<b>MERIDIAN</b>			
LOCATION AT SURFACE		2085 FNL 1665 FEL		SWNE	4	2.0 S	1.0 E	U			
Top of Uppermost Producing Zone		2085 FNL 1665 FEL		SWNE	4	2.0 S	1.0 E	U			
At Total Depth		2085 FNL 1665 FEL		SWNE	4	2.0 S	1.0 E	U			
<b>21. COUNTY</b> UINTAH			<b>22. DISTANCE TO NEAREST LEASE LINE (Feet)</b> 345			<b>23. NUMBER OF ACRES IN DRILLING UNIT</b> 160					
<b>27. ELEVATION - GROUND LEVEL</b> 5235			<b>25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed)</b> 0			<b>26. PROPOSED DEPTH</b> MD: 14000 TVD: 14000					
<b>28. BOND NUMBER</b> NZA99876			<b>29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE</b> #43-12366 & 43-12367								
<b>Hole, Casing, and Cement Information</b>											
String	Hole Size	Casing Size	Length	Weight	Grade & Thread	Max Mud Wt.	Cement	Sacks	Yield	Weight	
SURF	13.375	10.75	0 - 2500	40.5	J-55 ST&C	8.9	Hi Lift "G"	450	3.82	11.0	
							Type V	250	1.15	15.8	
I1	9.625	7.625	0 - 10500	29.7	P-110 LT&C	11.0	50/50 Poz	1000	1.25	14.2	
							Premium Lite High Strength	650	1.69	13.1	
PROD	6.5	5.5	10400 - 14000	20.0	P-110 Other	14.0	50/50 Poz	300	1.26	14.2	
<b>ATTACHMENTS</b>											
<b>VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES</b>											
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER						<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN					
<input checked="" 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					
<b>NAME</b> Don Hamilton				<b>TITLE</b> Consultant				<b>PHONE</b> 435 719-2018			
<b>SIGNATURE</b>				<b>DATE</b> 04/24/2011				<b>EMAIL</b> starpoint@etv.net			
<b>API NUMBER ASSIGNED</b> 43047515660000				<b>APPROVAL</b>				 Permit Manager			



**DRILLING PLAN**  
**QUINEX ENERGY CORPORATION**  
Arnold 2-4B1E  
 1665 FEL, 1607 FNL SW1/4, NE1/4  
 SECTION 4, T 2 S, R 1 E  
 UINTAH COUNTY, UTAH  
 Lease No: Arnold (Fee)

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

<u>FORMATION</u>	<u>DEPTH</u>	<u>ZONE TYPE</u>	<u>MAX. PRESSURE</u>
Duchesne River	Surface	Water	800.0 psi
Uinta Fm.	1,800'	Water & Gas	2,382.0 psi
Green River Formation	5,500'	Oil, Gas & Water	4,160.0 psi
Wasatch Transition	10,050'	Oil, Gas & Water	4,355.0 psi
Wasatch Formation	14,000'	Oil, Gas & Water	7,250.0 psi

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

The Wasatch is over pressured in this area of the field and pressures in excess of 7,000 psi are not uncommon therefore the pressure gradient has been figured at .51 for this formation

**3. PRESSURE CONTROL EQUIPMENT**

An 5" X 20" Rotating Head from Surface to 250'.

A 5M X 13 3/8" Rotating Head and BOP Stack and 5M Fill and Kill lines and Choke Manifold from 250' to 2,500'.

A 5M X 11" Rotating Head and BOP Stack and 5M Fill and Kill lines and Choke Manifold Blind & Pipe Rams, Mud Cross from 2,500' to 10,500'.

An 11" 10M BOP and 10M Fill and Kill lines and Choke Manifold, Blind & Pipe Rams, Mud Cross and 5M annular Rotating Head from 10,500 to 14,200'

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:

- Mud logger with gas monitor. On at 8,000'
- Choke Manifold with one manual and one hydraulic operated choke
- 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:**

**Casing:**

1. 2500' +/- 10 3/4" 40.5 # J55 STC New API ERW Casing.  
 Notes: API setting depth for collapse is 3080' +/- the safety factor (SF)  
 Standard Mill Test: 2,100 psi.  
 80% min Yield Test: 2,900 psi.  
 Drift Diameter: 9.894  
 Coupling OD of 7 5/8" is 8.125"
  
2. 10,500' 7 5/8" 29.7 P110 LTC New Seamless API Casing.  
 Notes: API Setting depth for Collapse is 10,970' + 1.8 (SF)  
 Tension with Long Couplings is 14,380' +/- (SF)  
 Standard Mill Test: 9,900 psi.  
 Ultimate Yield: 12,300 psi  
 Drift Diameter: 4.653  
 Coupling OD: of 5 1/2" Flush Joint is 5.860

**EXTERNALLY COATED CASING: 2300' of 7 5/8" (ITL) externally coated Ryt-Wrap, Corrosion Resistant, Thick Coating, consisting of Corrosion resistant polymer fabric wrap with Thermoplastic polymer resin overlap that will cover the Trona Water zone from 3,200' down to 5,500'.**

3. 10,400-14,000' (3,600') 5 1/2" 20 P110 Liner, New Seamless API Casing with Premium Coupled Buttress Lock Thread™  
 Notes: API setting depth for Collapse is 19,140' + SF  
 Tension w/ Long Coupling is 15,220' + SF  
 Standard Mill Test: 10,000 psi  
 Ultimate Yield: 16,400 psi

Description: CBL Casing Connection is a premium connection based on API BTC standard with the addition of a torque shoulder and metal to metal seal. The result is a cost effective connection ideal for use in horizontal or slant wells bores typically used in Shale formations. The torque shoulder provides consistent make-ups and eliminates down hole over-rotation. The metal to metal seal is designed to provide the primary seal while minimizing galling. CBL is interchangeable with BTC accessories.

Or

DTS-4 Ultra Flush Joint look alike 5 1/2" 19.81# P110.

**Cement:**

1. 10 3/4 in Surface Casing
 

TD	2500 ft
Hole Size	13 3/8 in
Casing Size	10 3/4 in
Tail Cement Coverage	2500 ft to 1500 ft
Tail Cement Excess	50 %
Lead Cement Coverage	1500 ft to Surface
Lead Cement Excess	50 %

Lead Hifill 450 sks	11.0 #/gal	3.82 cuft/sk	23.0 gal/sk
Premium Type V Cmt	100 %		
Gel	16 %		
Gilsonite	10 #/sk		
GR 3	3 # /sk		
Salt	3 % (BWOC)		
Flocele	¼ #/sk		
Tail Prem. G Cmt 250 sks	15.8 #/gal	1.15 cuft/sk	5.0 gal/sks
Premium G Cmt	100 %		
Calcium Chloride	2 %		
Flocele	¼ # /sk		
Top Out Prem. G Cmt	100 sks	15.8 #/gal	1.15 cuft/sk 5.0 gal/sks
Premium G Cmt	100 %		
Calcium Chloride	2 %		
Flocele ¼ # /sk			
Float Equipment	10 ¾		
Guide Shoe	1 ea		
Float Collar	1 ea		
Clamp	1 ea		
Centralizers	10 ea		
Top Plug	1 ea		
Thread Lock	2 ea		
lead Cmt 11.0#/gal 12 hour	137 psi	24 hour 186 psi	72 hour 252 psi
Tail Cmt 15.8 #/gal 24 hr	2915 psi		

2. 7 5/8 Intermediate

TD	10500 ft		
Hole Size	9 5/8 in		
Casing Size	7 5/8 in		
DV tool set @	5000 ft +/-		
1st Stage Cement Coverage	10500 ft to 5000 ft		
1st Stage Cement Excess	20 % (Gauge Hole)		
2nd Stage Cement Coverage	5000 ft to Surface		
2nd Stage Cement Excess	20 % (Gauge Hole)		
1st Stage Cmt 50/50 Poz	1000 sks	14.2 #/gal	1.26 cuft/sk 5.75 gal/sk
Prem. G Cmt	50 %		
Poz	50 %		
Gel	2 %		
Salt	10 % (BWOW)		
CFL 117	.1 %		
Flocele ¼ #/sk			
2nd stage Cmt Prem. Lite	650 sks	13.1 #/gal	1.69 cuft/sk 8.8 gal/sk
Prem. V Cmt	65 %		
Poz	35 %		
Gel	6 %		
Salt	10 % (BWOW)		
Flocele	¼ #/sk		
CFL 117	.1 %		
50/50 poz	14.2 # /gal	24 hr 800 psi	36 hr 1425 psi
Prem. Lite	13.1 #/gal	24 hr 790 psi	36 hr 1045 psi

3. 5 ½ Production Liner

TD	14000 ft			
Hole Size	6 ½ in			
Casing Size	5 ½ in Flush Joint			
Cement Coverage	14,000 ft to 10,400 ft			
Cement Excess	20 % (Gauge hole)			
Premium 50/50 Poz	300 sks	14.2 #/gal	1.26 cuft/sk	5.75 gal/sk
Premium Class G Cmt	50 %			
Poz	50 %			
Gel	2 %			
Salt	10 % (BWOW)			
Flocele	¼ #/sk			
CFL 117	.2 %			

Cement volumes will be calculated from the open hole logs whenever possible.

5. **MUD PROGRAM:**

<u>INTERVAL</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	
Surface	Water & gel	8.5 to 8.9	PPG
Intermediate	Water, Gel & Weight as needed	8.9 to 11	PPG
Production	Water, Gel & Weight as needed	11 to 14	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. **LOGS**

Open Hole logs from Surface to base of intermediate and from base of the intermediate to TD @ 14,200' Gamma Ray, Density Neutron, Resistivity, and Sonic Mud Log from 8,000' to TD.

7. **VARIANCE REQUESTS:**

None

8. **ABNORMAL CONDITIONS**

A corrosive water zone in the well may be encountered at a depth of 3,200' to 4,800' that compromises the integrity of the pipe after 15-20 years. The intermediate casing will be epoxy coated through this zone and a two stage cement job has been designed to protect the pipe from this water zone.

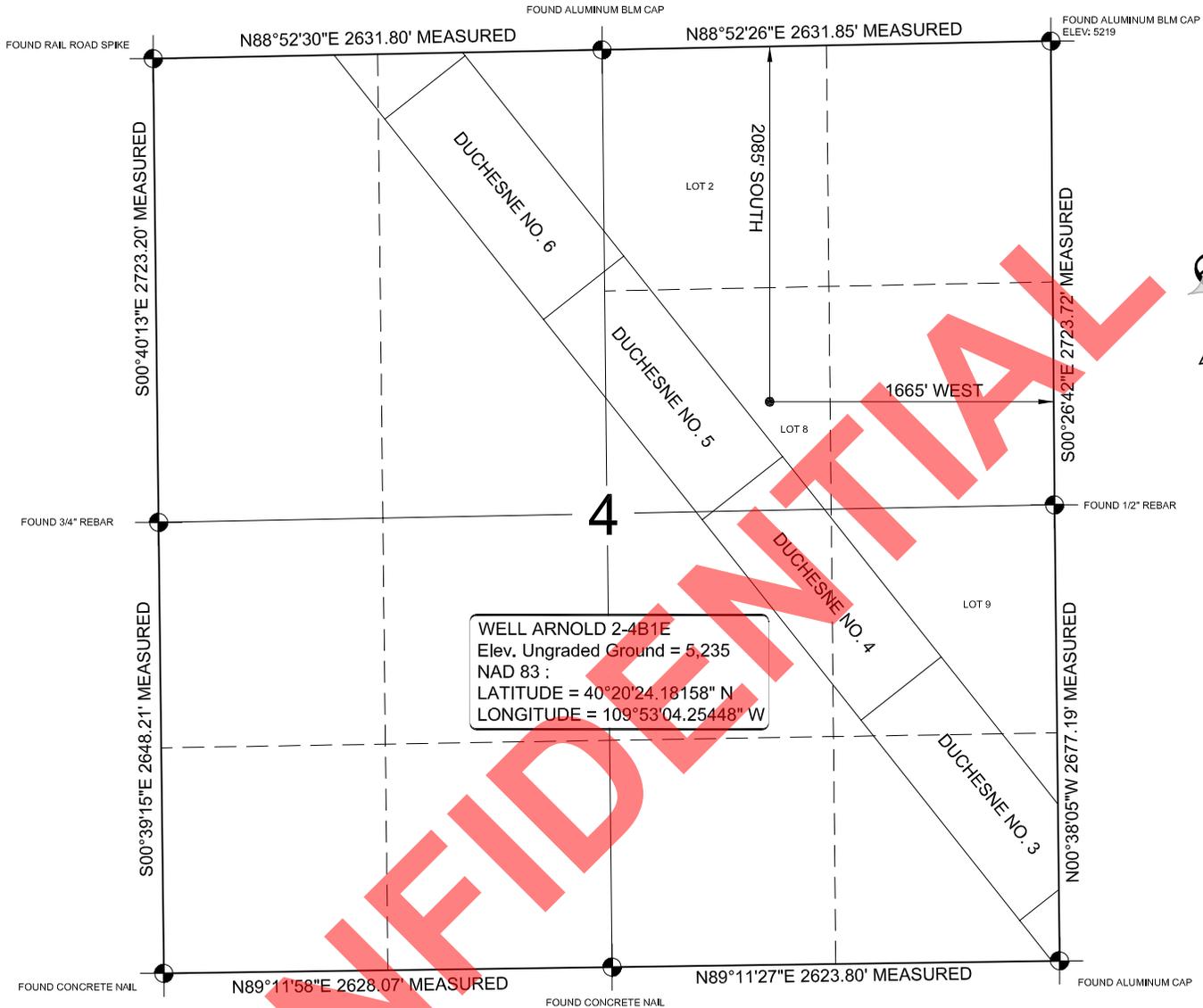
There are abnormal conditions that may be experienced in the bottom hole portion of the well from 10,000' to TD these conditions have been planned for in the design of the well.

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.

CONFIDENTIAL

# T2S., R1E., U.S.M.



**CERTIFICATE**

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

**LEGEND AND NOTES**

● SECTION CORNER

● PROPOSED WELL HEAD

THE GENERAL LAND OFFICE G.L.O. PLAT WAS USED FOR REFERENCE

THIS SURVEY WAS PERFORMED USING GLOBAL POSITIONING SYSTEM PROCEDURES AND EQUIPMENT.



REGISTERED LAND SURVEYOR  
REGISTRATION NO. 7173588  
STATE OF UTAH

**BASIS OF ELEVATION**

SPOT ELEVATION AT THE NORTHEAST CORNER OF SECTION 4, T2S, R1E, U.S.M. NAVD 88 DATUM USING THE UTAH REFERENCE NETWORK CENTRAL SYSTEM. SAID ELEVATION IS MARKED AS BEING 5219 FEET.



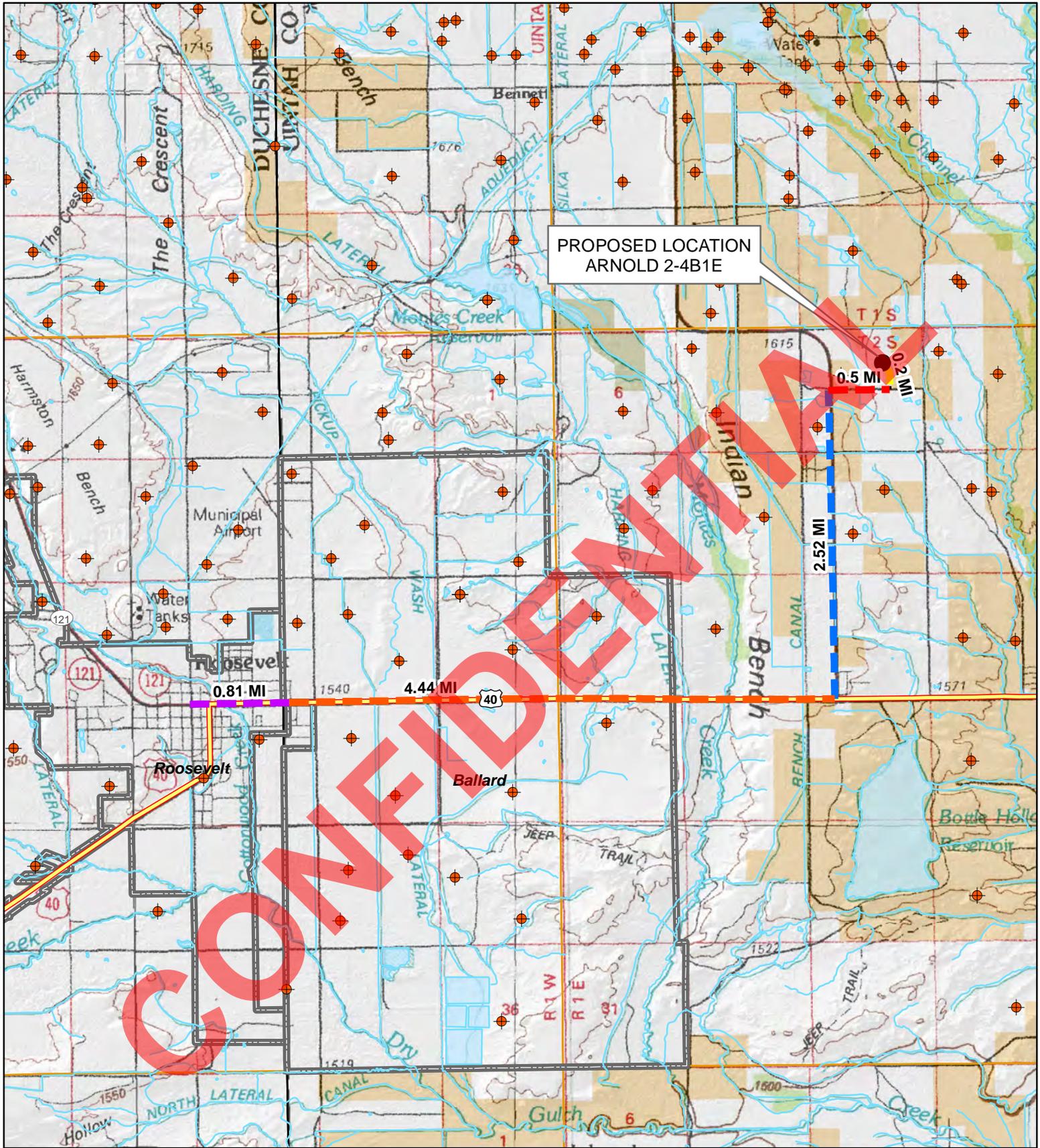
**QUINEX ENERGY CORP.**  
**WELL # ARNOLD 2-4B1E**  
**SECTION 4, T.2S.,R.1E. USM**  
**2,085' FNL 1,665' FEL**

WELL  
PLAT

DATE SURVEYED: MAY 4, 2011  
SURVEYED BY: DEK/CCW  
DRAWN BY: DK  
DATE DRAWN: MAY 4, 2011  
SCALE: 1"=1000'

FIGURE

A

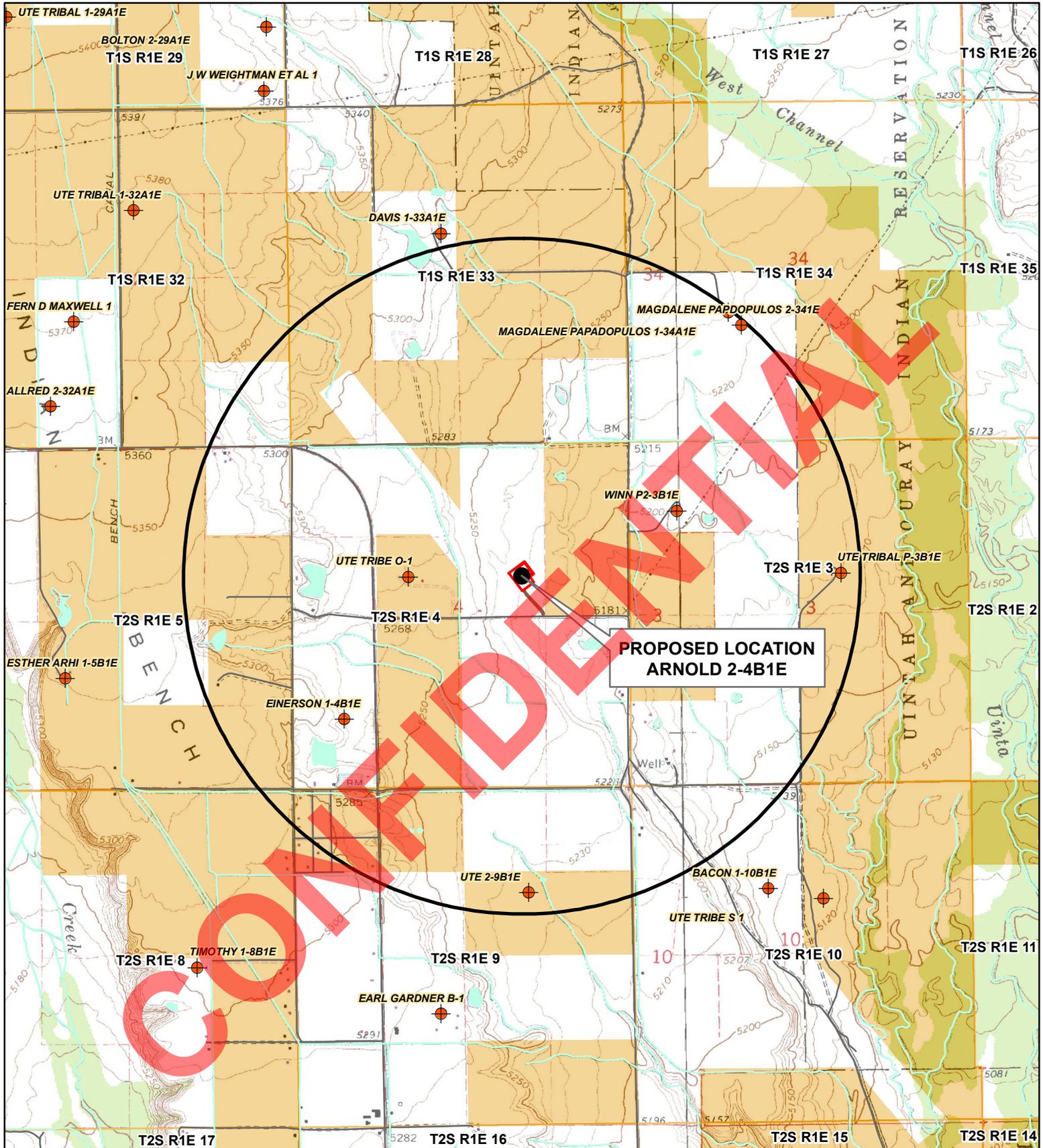


<b>Legend</b>	
● Proposed Well	□ County Boundary
⬮ Existing Well	□ Township Boundary
— Road	▭ Municipal Boundary
	▭ Tribal Land
VERNAL - (435) 781-2113	▭ Private Land
	▭ Surface Water

**QUINEX ENERGY CORPORATION**  
**ARNOLD 2-4B1E**  
**SECTION 4, T2S, R1E SLBM**

<b>TOPOGRAPHIC MAP</b>	MARCH 29, 2011	SHEET NO:
	SCALE: 1:66,000	<b>10</b>
	DRAWN BY: B.H.	10 OF 16

RECEIVED: May. 31, 2011



**PROPOSED LOCATION  
ARNOLD 2-4B1E**

	Proposed Well		Access Road
	Existing Well		One Mile Radius
	Road		Township Boundary
	<b>epic</b> ENGINEERING VERNAL - (435) 781-2113		Tribal Land
			Private Land
			Surface Water

**QUINEX ENERGY CORPORATION**  
**ARNOLD 2-4B1E**  
**SECTION 4, T2S, R1E SLBM**

<b>TOPOGRAPHIC MAP</b>	MAY 5, 2010	SHEET NO:
	SCALE: 1:24,000	<b>8</b>
	DRAWN BY: B.H.	8 OF 8

**RECEIVED: May. 31, 2011**

**AFFIDAVIT OF SURFACE USE AGREEMENT FROM LESSEE/OPERATOR**

STATE OF UTAH )  
 )  
 ) :ss  
COUNTY OF SALT LAKE )

QUINEX ENERGY CORPORATION  
Arnold 2-4B1E  
1665' FEL, 2085' FNL SW1/4 NE1/4,  
Section 4, T2S, R1E, USB&M  
Uintah County, Utah  
Lease No: Arnold (Fee)

I, K. Michael Hebertson, President for Quinex Energy Corporation, hereby certify to the Utah Division of Oil, Gas and Mining that I have obtained an executed Surface Use and Access Agreement as reflected below.

- A. A Surface Use and Access Agreement is in place with the following entity on the above described lands:  
 Bobby Arnold  
 RT. 2 Box 2642  
 Roosevelt, Utah 84066  
 465-722-9084
- B. Quinex Energy Corporation executed the agreement May 6, 2011. The Surface Use and Access Agreement is an "all inclusive" agreement for the well pad including all facilities, access road and pipeline corridors and further provides Quinex Energy Corporation with access to the SW1/4 NE1/4, Section 4, T2S, R1E, USB&M

Dated this 6<sup>th</sup> Day of May, 2011.

K. Michael Hebertson  
K. Michael Hebertson - President

SUBSCRIBED TO AND SWORN before me this 6 day of ~~April~~ <sup>May</sup> 2011.

[Signature]

Notary Public  
Residing in Bountiful

My Commission expires:  
7/30/2011



**SURFACE USE PLAN**

QUINEX ENERGY CORPORATION

Arnold 2-4B1E

2085' FNL & 1665' FEL, Lot 8 (SW1/4 NE1/4)

SECTION 4, T 2 S, R 1 E, USB&M

UINTAH COUNTY, UTAH

Lease No: Arnold (Fee)

**PRESITE INSPECTION:**

The onsite inspection for the subject well site was conducted on Wednesday, May 4, 2010 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
Bob Arnold	Surface Owner
	Oil, Gas & Mining

**1. EXISTING ROADS**

A. The proposed well site is located approximately 3 miles north and 4.4 miles east of Roosevelt, Utah.

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

Proceed east from Union High School in Roosevelt, Utah via US Highway 40 4.44 miles to the intersection with the White Rocks Road. Turn left and continue north for 2.52 miles to the south side race track. Turn right and continue east 0.5 miles to the well access road. Turn left and continue north to the well.

C. For location of access roads within a 1 Mile radius, see Maps 10 & 12.

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 0.2 (1,100') miles of new access to be constructed.

B. The maximum grade is approximately  $\pm 1/4$  %.

C. No turnouts are planned.

D. Culverts will be installed where 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. A cattle guard and a gate will be installed and the location and road will be fenced as required by the surface owner.

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 the Surface Owner and Uintah County.

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 or with culverts. 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: none known
- B. Injection Wells: 0
- C. Producing Wells: 4
- D. Drilling Wells: 0
- E. Shut-In Wells: 1
- F. Temp Abandoned: 0
- G. Disposal Wells: 0
- H. Abandoned Wells: 2

#### **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 weeks 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 the 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 500 bbl heated insulated tank. Water will be hauled to a commercial disposal site.
- N. Pipelines will follow the established roads shown on Map 10 & 12 to a point where they intersect the county road. From there to the tie-in point with the gas gathering system and the power line

#### **5. LOCATION AND TYPE OF WATER SUPPLY**

- A. Water will be purchased from Marvin Hamaker Permit Numbers #43-12366 & 43-12367.
- 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.

B. Any gravel used will be obtained from a commercial source.

C. Construction material is not available on lease.

## **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 removed 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 re-vegetated 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**

*A surface use agreement will be executed with Bob Arnold prior to commencement of drilling.*

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 re-contoured 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 **NOT** been conducted. This is Fee Surface and Minerals.

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 if mitigation is required. 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.

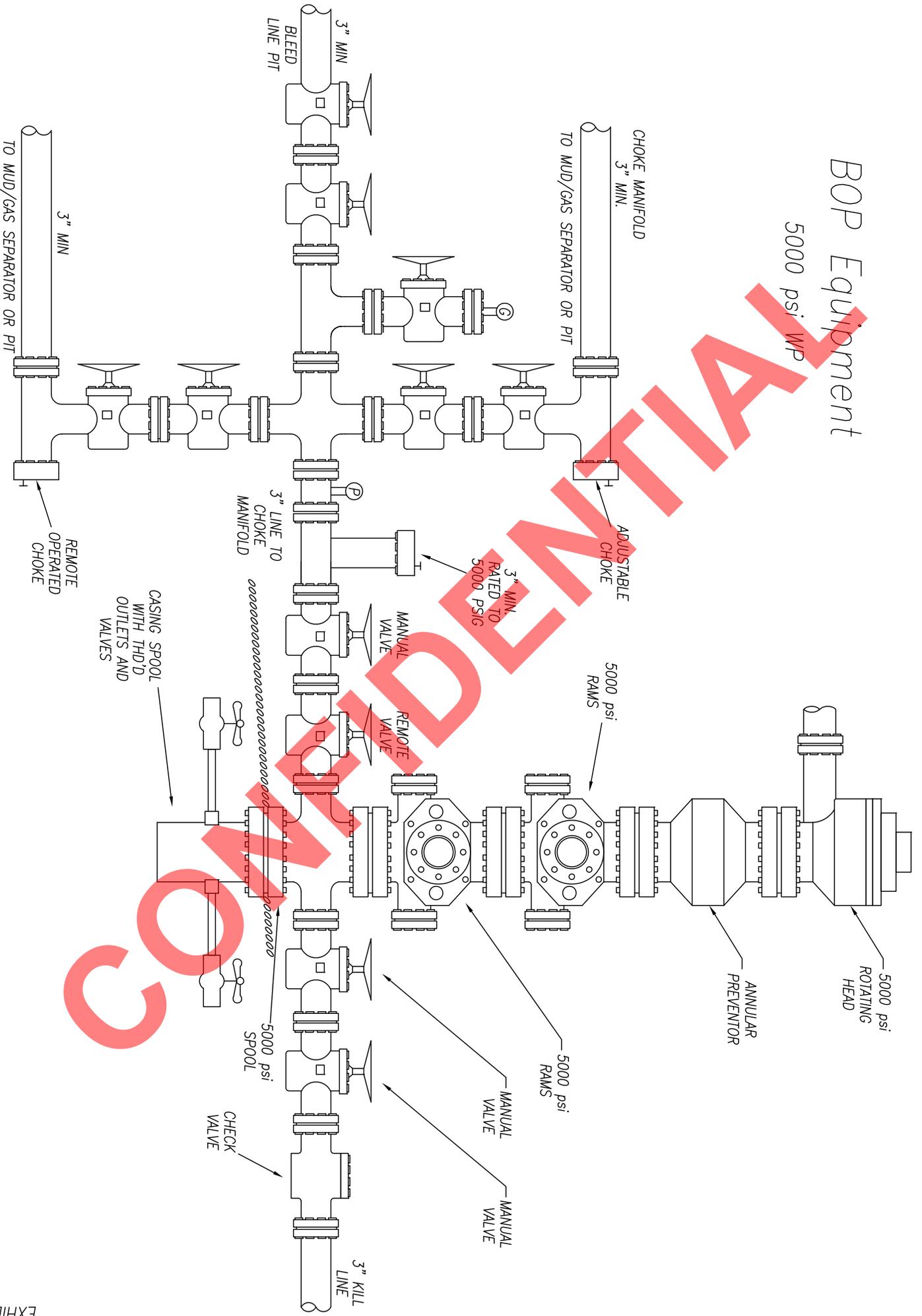
**Notifications:**

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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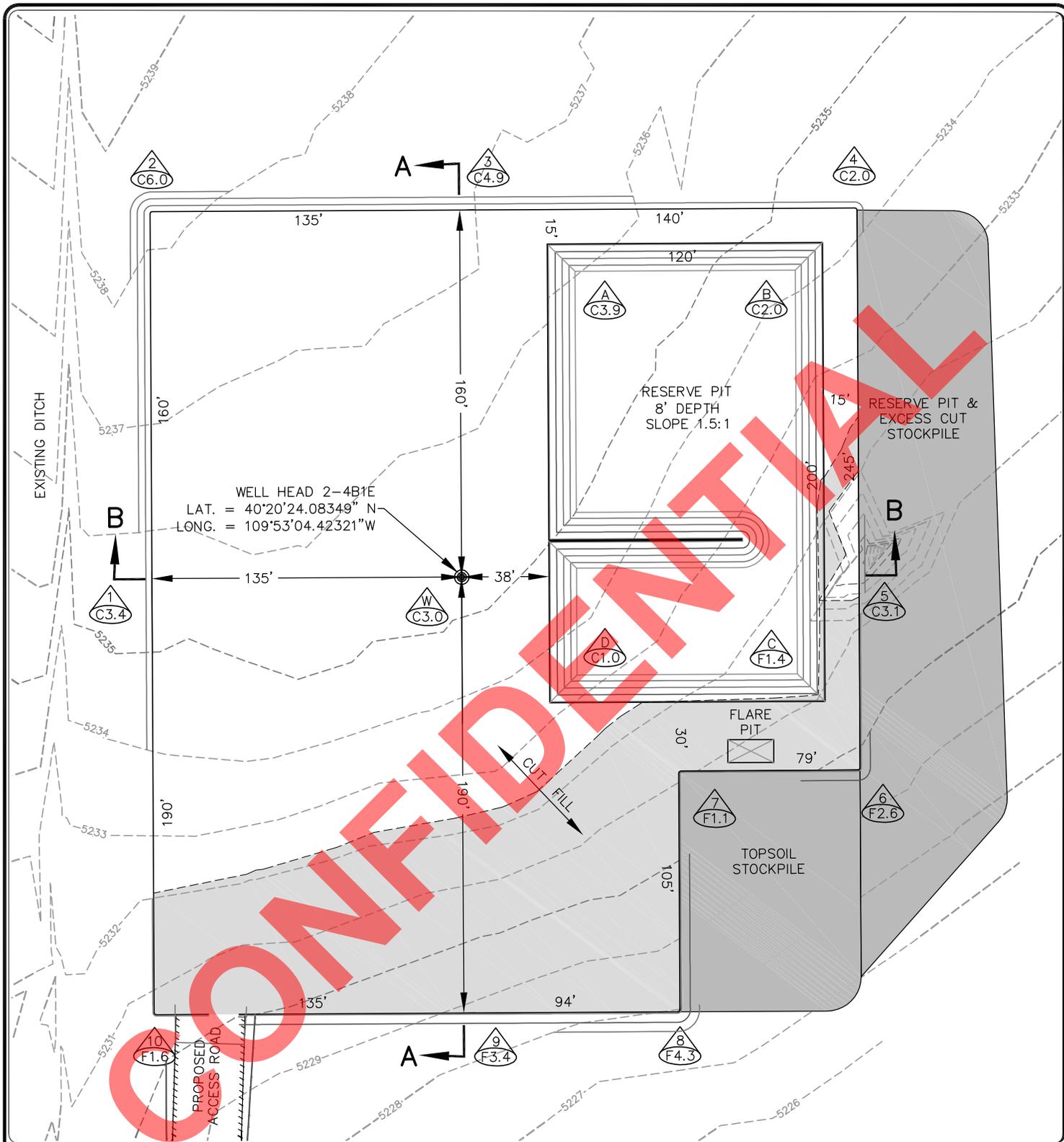
# BOP Equipment

5000 psi WP



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WELL PAD - ARNOLD 2-4B1E DESIGN LEGEND AND SUMMARY

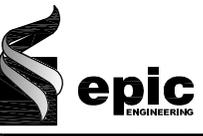
- PROPOSED WELL LOCATION
- - - EX. CONTOURS (2' INT.)
- PROP. CONTOURS (2' INT.)
- ===== EDGE OF ROAD

EXISTING GRADE @ CENTER OF WELL = 5,235.27  
 FINISH GRADE ELEVATION = 5,232.27  
 CUT SLOPES = 1.5:1  
 FILL SLOPES = 2:1  
 TOTAL WELL PAD AREA = 2.28 ACRES  
 TOTAL DISTURBED AREA = 2.89 ACRES

WELL PAD QUANTITIES  
 TOTAL CUT FOR WELL PAD = 7,810 CY.  
 TOTAL FILL FOR WELL PAD = 1,552 CY.  
 TOPSOIL @ 6" DEPTH = 1,843 CY.  
 EXCESS MATERIAL = 4,415 CY.

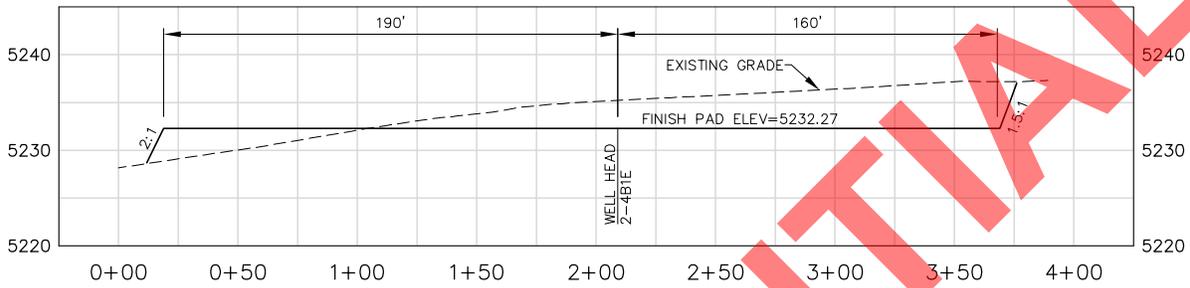
RESERVE PIT QUANTITIES  
 TOTAL CUT = 5,725 CY.  
 RESERVE PIT CAPACITY (2' OF FREEBOARD)  
 22,725 BARRELS ±

0 30 60  
HORIZONTAL



QUINEX ENERGY CORP.  
 WELL # ARNOLD 2-4B1E  
 SECTION 4, T.2S.,R.1E. USM  
 2,085' FNL 1,665' FEL

PAD/PIT GRADING	MAY 5, 2011	SHEET NO: <b>2</b> 2 OF 8
	SCALE: 1"=60'	
	DRAWN BY: RM	

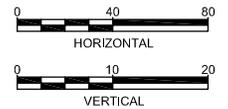


CROSS SECTION A-A



CROSS SECTION B-B

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QUINEX ENERGY CORP.  
 WELL # ARNOLD 2-4B1E  
 SECTION 4, T.2S.,R.1E. USM  
 2,085' FNL 1,665' FEL

<b>CROSS/ SECTIONS</b>	MAY 5, 2011	SHEET NO: <b>3</b> 3 OF 8
	SCALE: 1"=80'	
	DRAWN BY: RM	





WELL PAD - ARNOLD 2-4B1E DESIGN LEGEND AND SUMMARY

- PROPOSED WELL LOCATION
- - - EX. CONTOURS (2' INT.)
- PROP. CONTOURS (2' INT.)
- ////// EDGE OF ROAD

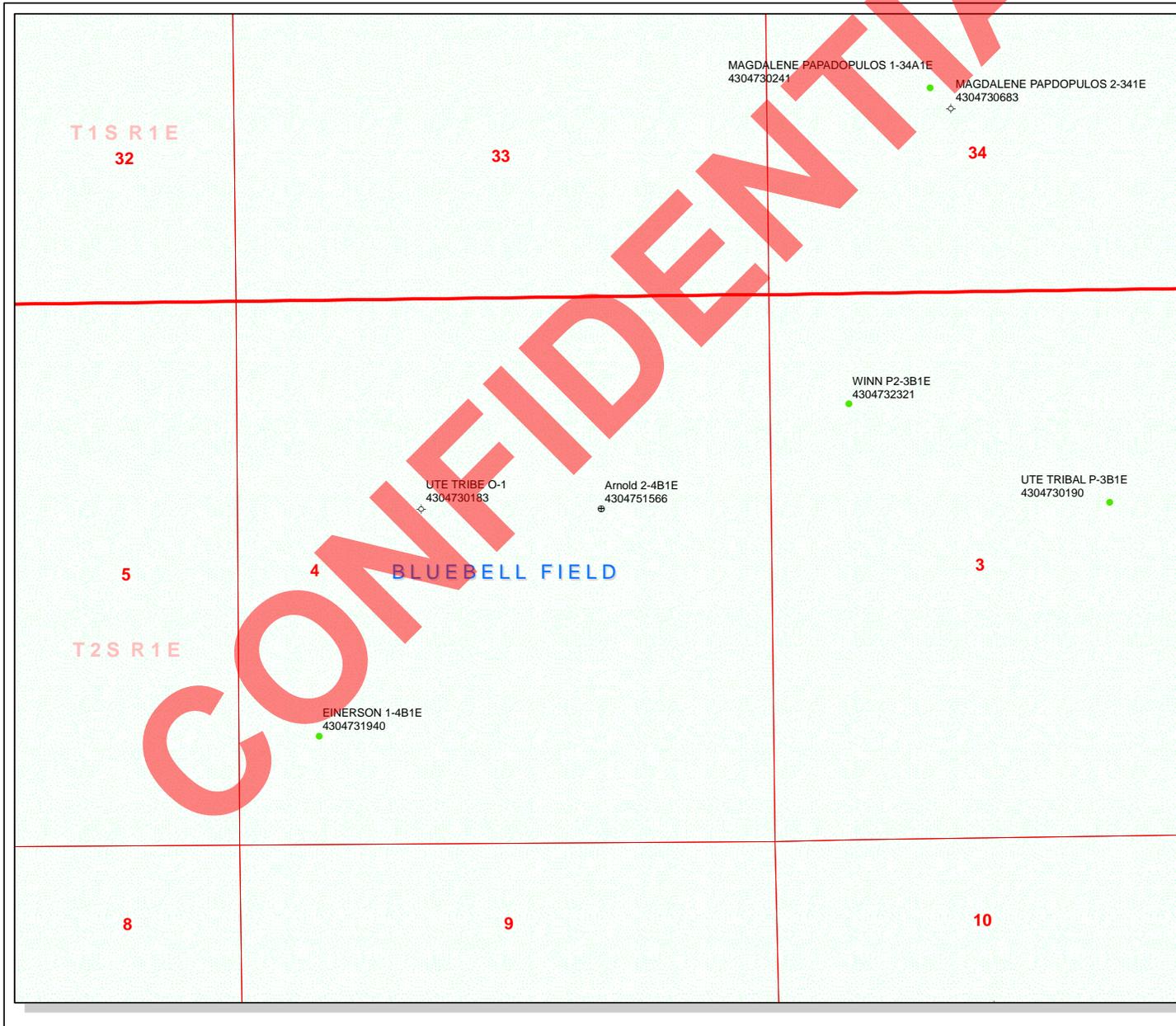


QUINEX ENERGY CORP.  
 WELL # ARNOLD 2-4B1E  
 SECTION 4, T.2S.,R.1E. USM  
 2,085' FNL 1,665' FEL

RIG  
 LAYOUT

MAY 5, 2011  
 SCALE: 1"=60'  
 DRAWN BY: RM

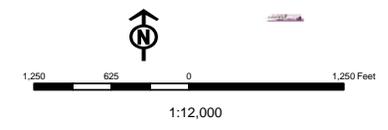
SHEET NO:  
**4**  
 4 OF 8



**API Number: 4304751566**  
**Well Name: Arnold 2-4B1E**  
**Township T0.2 . Range R0.1 . Section 04**  
**Meridian: UBM**  
 Operator: QUINEX ENERGY CORP

Map Prepared:  
 Map Produced by Diana Mason

- |               |                                    |
|---------------|------------------------------------|
| <b>Units</b>  | <b>Wells Query</b>                 |
| <b>STATUS</b> | <b>Status</b>                      |
| ACTIVE        | APD - Approved Permit              |
| EXPLORATORY   | DRL - Spudded (Drilling Commenced) |
| GAS STORAGE   | GIW - Gas Injection                |
| NF PP OIL     | GS - Gas Storage                   |
| NF SECONDARY  | LA - Location Abandoned            |
| PI OIL        | LOC - New Location                 |
| PP GAS        | OPS - Operation Suspended          |
| PP GEOTHERML  | PA - Plugged Abandoned             |
| PP OIL        | PGW - Producing Gas Well           |
| SECONDARY     | POW - Producing Oil Well           |
| TERMINATED    | RET - Returned APD                 |
| <b>Fields</b> | SGW - Shut-in Gas Well             |
| Unknown       | SOW - Shut-in Oil Well             |
| ABANDONED     | TA - Temp. Abandoned               |
| ACTIVE        | TW - Test Well                     |
| COMBINED      | WDW - Water Disposal               |
| INACTIVE      | WIW - Water Injection Well         |
| STORAGE       | WSW - Water Supply Well            |
| TERMINATED    |                                    |
| Sections      |                                    |
| Township      |                                    |



BOPE REVIEW QUINEX ENERGY CORP Arnold 2-4B1E 43047515660000

Well Name	QUINEX ENERGY CORP Arnold 2-4B1E 43047515660000			
String	SURF	I1	PROD	
Casing Size(")	10.750	7.625	5.500	
Setting Depth (TVD)	2500	10500	14000	
Previous Shoe Setting Depth (TVD)	250	2500	10500	
Max Mud Weight (ppg)	8.9	11.0	14.0	
BOPE Proposed (psi)	500	5000	10000	
Casing Internal Yield (psi)	3130	9470	9470	
Operators Max Anticipated Pressure (psi)	7000		9.6	

Calculations	<b>SURF String</b>	<b>10.750</b>	<b>"</b>
Max BHP (psi)	.052*Setting Depth*MW=	1157	
			<b>BOPE Adequate For Drilling And Setting Casing at Depth?</b>
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	857	NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	607	NO
			<b>*Can Full Expected Pressure Be Held At Previous Shoe?</b>
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	662	NO No expected pressures
Required Casing/BOPE Test Pressure=		2191	psi
*Max Pressure Allowed @ Previous Casing Shoe=		250	psi *Assumes 1psi/ft frac gradient

Calculations	<b>I1 String</b>	<b>7.625</b>	<b>"</b>
Max BHP (psi)	.052*Setting Depth*MW=	6006	
			<b>BOPE Adequate For Drilling And Setting Casing at Depth?</b>
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	4746	YES
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	3696	YES OK
			<b>*Can Full Expected Pressure Be Held At Previous Shoe?</b>
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	4246	NO Reasonable
Required Casing/BOPE Test Pressure=		6629	psi
*Max Pressure Allowed @ Previous Casing Shoe=		2500	psi *Assumes 1psi/ft frac gradient

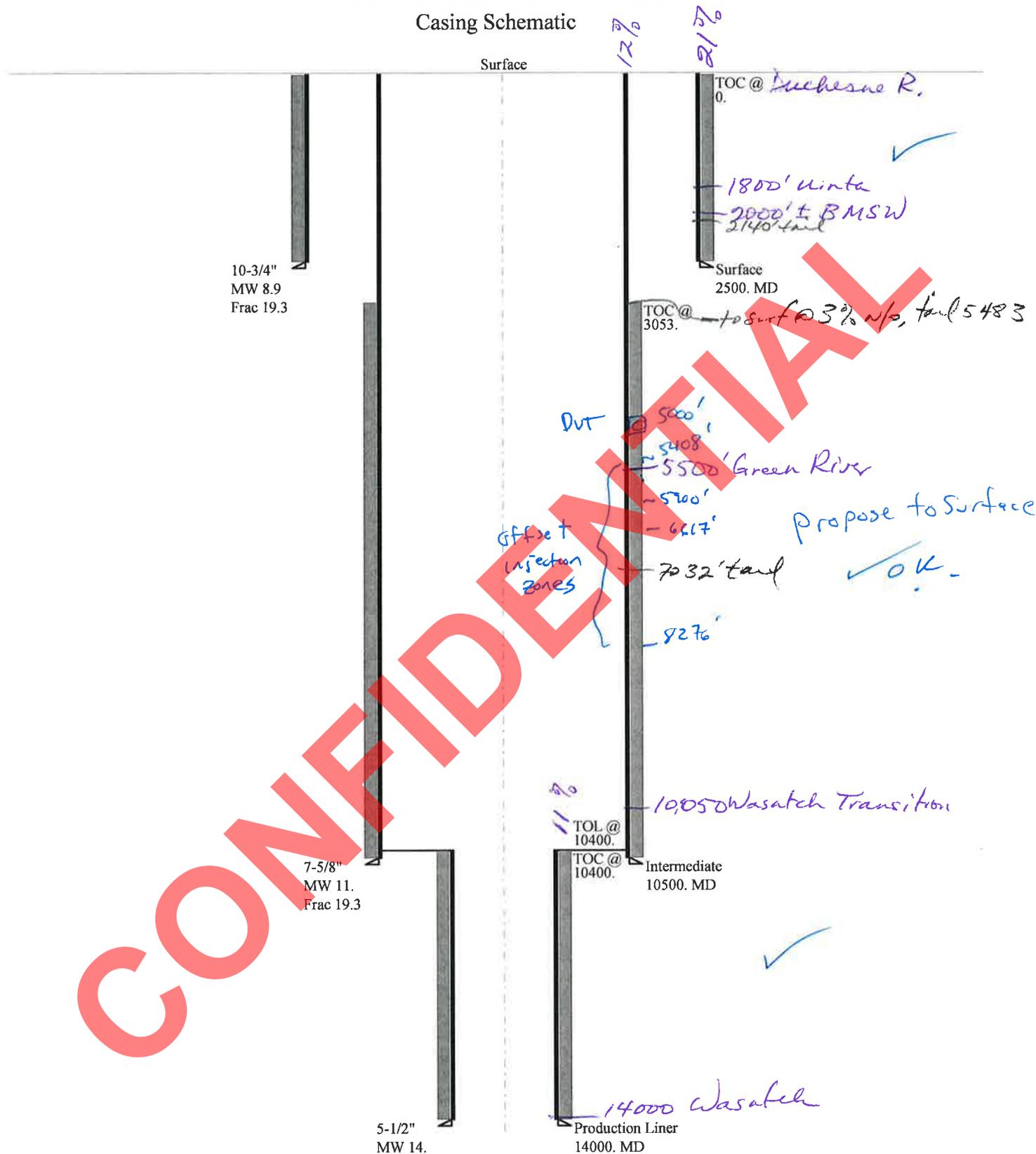
Calculations	<b>PROD String</b>	<b>5.500</b>	<b>"</b>
Max BHP (psi)	.052*Setting Depth*MW=	10192	
			<b>BOPE Adequate For Drilling And Setting Casing at Depth?</b>
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	8512	YES
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	7112	YES OK
			<b>*Can Full Expected Pressure Be Held At Previous Shoe?</b>
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	9422	YES OK
Required Casing/BOPE Test Pressure=		6629	psi
*Max Pressure Allowed @ Previous Casing Shoe=		9470	psi *Assumes 1psi/ft frac gradient

Calculations	<b>String</b>		<b>"</b>
Max BHP (psi)	.052*Setting Depth*MW=		
			<b>BOPE Adequate For Drilling And Setting Casing at Depth?</b>
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=		NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO
			<b>*Can Full Expected Pressure Be Held At Previous Shoe?</b>
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO
Required Casing/BOPE Test Pressure=			psi

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# 43047515660000 Arnold 2-4B1E

## Casing Schematic



Well name:	<b>43047515660000 Arnold 2-4B1E</b>		
Operator:	<b>QUINEX ENERGY CORP</b>		
String type:	Surface	Project ID:	43-047-51566
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: 109 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 100 ft

Cement top: Surface

**Burst**

Max anticipated surface pressure: 2,200 psi  
 Internal gradient: 0.120 psi/ft  
 Calculated BHP 2,500 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: 2,174 ft

**Non-directional string.**

**Re subsequent strings:**

Next setting depth: 10,500 ft  
 Next mud weight: 11.000 ppg  
 Next setting BHP: 6,000 psi  
 Fracture mud wt: 19.250 ppg  
 Fracture depth: 2,500 ft  
 Injection pressure: 2,500 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	2500	10.75	40.50	J-55	ST&C	2500	2500	9.925	21713
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	1156	1580	1.367	2500	3130	1.25	101.2	420	4.15 J

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

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

Date: May 26, 2011  
 Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 2500 ft, a mud weight of 8.9 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name:	<b>43047515660000 Arnold 2-4B1E</b>		
Operator:	<b>QUINEX ENERGY CORP</b>	Project ID:	43-047-51566
String type:	Intermediate		
Location:	UINTAH COUNTY		

**Design parameters:**

**Collapse**

Mud weight: 11.000 ppg  
 Internal fluid density: 2.330 ppg

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
 Surface temperature: 74 °F  
 Bottom hole temperature: 221 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 100 ft  
 Cement top: 3,053 ft

**Burst**

Max anticipated surface pressure: 7,102 psi  
 Internal gradient: 0.220 psi/ft  
 Calculated BHP 9,412 psi

No backup mud specified.

**Tension:**

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

Tension is based on air weight.  
 Neutral point: 8,775 ft

**Non-directional string.**

**Re subsequent strings:**

Next setting depth: 14,000 ft  
 Next mud weight: 14.000 ppg  
 Next setting BHP: 10,182 psi  
 Fracture mud wt: 19.250 ppg  
 Fracture depth: 10,500 ft  
 Injection pressure: 10,500 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	10500	7.625	29.70	P-110	LT&C	10500	10500	6.75	122037
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	4729	5350	1.131	9412	9470	1.01	311.9	769	2.47 J

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

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

Date: May 26, 2011  
 Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 10500 ft, a mud weight of 11 ppg. An internal gradient of .121 psi/ft was used for collapse from TD. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name: <b>43047515660000 Arnold 2-4B1E</b>	
Operator: <b>QUINEX ENERGY CORP</b>	Project ID: 43-047-51566
String type: Production Liner	
Location: <b>UINTAH COUNTY</b>	

**Design parameters:**

**Collapse**

Mud weight: 14.000 ppg  
 Internal fluid density: 1.000 ppg

**Burst**

Max anticipated surface pressure: 7,102 psi  
 Internal gradient: 0.220 psi/ft  
 Calculated BHP: 10,182 psi

No backup mud specified.

**Minimum design factors:**

**Collapse:**

Design factor: 1.125

**Burst:**

Design factor: 1.00

**Tension:**

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

Tension is based on air weight.  
 Neutral point: 13,237 ft

**Environment:**

H2S considered? No  
 Surface temperature: 74 °F  
 Bottom hole temperature: 270 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 1,000 ft

Cement top: 10,400 ft

Liner top: 10,400 ft

**Non-directional string.**

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)
1	3600	5.5	20.00	P-110	HD-L	14000	14000	4.653	47519

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	9454	11100	1.174	10182	12630	1.24	72	329	4.57 J

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

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

Date: May 26, 2011  
 Salt Lake City, Utah

**Remarks:**

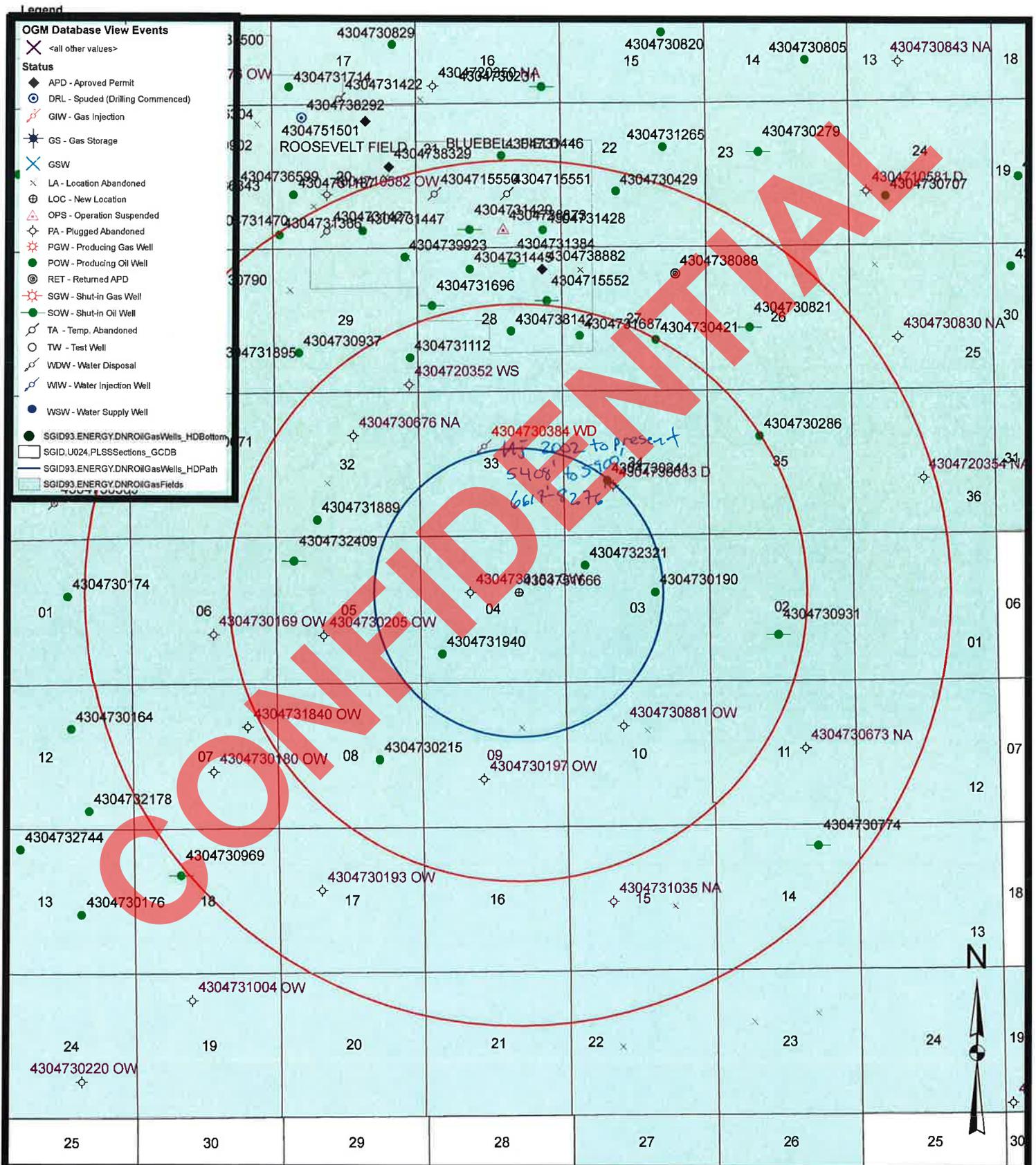
For this liner string, the top is rounded to the nearest 100 ft. Collapse is based on a vertical depth of 14000 ft, a mud weight of 14 ppg. An Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

**RECEIVED: May. 31, 2011**

# Injection Well Area of Review



# ON-SITE PREDRILL EVALUATION

## Utah Division of Oil, Gas and Mining

**Operator** QUINEX ENERGY CORP  
**Well Name** Arnold 2-4B1E  
**API Number** 43047515660000      **APD No** 3656      **Field/Unit** BLUEBELL  
**Location: 1/4,1/4** SWNE    **Sec 4 Tw 2.0S Rng 1.0E** 2085 FNL 1665 FEL  
**GPS Coord (UTM)** 595007 4466894      **Surface Owner** Bobby Arnold

### Participants

Floyd Bartlett (DOGM), Mike Hebertson, Paul Wells and son Brad (Quinex Energy Corp.) Jake Huffman (Huffman Construction), Randy Freston (epic Engineering) and Kelly Farnsworth (Quinex Energy)

### Regional/Local Setting & Topography

The general area is approximately 8.3 road miles northeast of Roosevelt, Duchesne County, Utah. Access from Roosevelt is by State of Utah highways and a Uintah County paved road. The expanded area extending from the south, north to Whiterocks, is known as Indian Bench. General topography varies from flat bench-lands to rolling terrain having side draws which are ephemeral or contain small perennial flows. Areas having an elevated water table are common. The high water table is augmented by frequent irrigation that occurs. Montes Creek is about 1-2 miles to the west the West Channel of the Uinta River is about the same distance to the east. Several canals and ditches to convey irrigation waters are on the bench. Small reservoir or stock ponds are also common. Land ownership on the bench is mixed and broken varying from private to Ute Tribal and allotted Indian Lands.

The proposed Arnold 2-4B1E oil well location is on property owned by Bobby Arnold. The minerals are also owned by Mr. Arnold. Terrain in the area has a gentle slope to the southeast. The pad location will utilize a slight rise which is drier than most of the surrounding area. A previous site about 500 feet to the north was evaluated and exhibited a water table which was near the surface. This site would require up to two feet of imported borrow to stabilize the surface. The water table in the selected site will still be high but the amount of borrow, if any, will be significantly reduced. A source of borrow, which appears to be suitable, is to the west on Mr. Arnolds property. He is agreeable to it being used. With the redesign, the reserve pit was enlarged in size and the depth reduce 2 feet to 8 feet deep. Maximum cut for the pad is 6.0 feet at Location Corner 2 with a maximum fill of 4.3 feet at Corner 9. Additional moving of the location to the south is restricted by a patented gilsonite vein which runs in a southeasterly direction for miles. A berm will be constructed inside the location on the west and north side to catch any near surface flows that may occur along these sides. Vegetation on the area is a native pasture dominated by wiregrass and other sedges. Russian olive trees dominate much of the surrounding area but are less abundant on the new area. Approximately 500 feet of new road will be constructing utilizing an old grade which is in the area for part of the distance.

### Surface Use Plan

#### **Current Surface Use**

Grazing  
Wildlife Habitat

<b>New Road Miles</b>	<b>Well Pad</b>	<b>Src Const Material</b>	<b>Surface Formation</b>
0.1	<b>Width 308    Length 350</b>	Onsite	UNTA

**Ancillary Facilities** N

### Waste Management Plan Adequate?

### Environmental Parameters

**Affected Floodplains and/or Wetlands** N

**Flora / Fauna**

The site is well vegetated with a sod like native pasture vegetation. Common plants are wire grass, rabbit brush, elymus grass, native thistles, poverty weed, dandelion, Russian olive trees and giant whitetop

Cattle, deer, small mammals and birds.

**Soil Type and Characteristics**

Deep gravely sandy loam.

**Erosion Issues** N

**Sedimentation Issues** N

**Site Stability Issues** N

**Drainage Diversion Required?** Y

A berm will be constructed inside the location on the west and north side to catch any near surface flows that may occur along these sides.

**Berm Required?** Y

**Erosion Sedimentation Control Required?** N

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

**Reserve Pit**

**Site-Specific Factors**

**Site Ranking**

<b>Distance to Groundwater (feet)</b>		20	
<b>Distance to Surface Water (feet)</b>	300 to 1000	2	
<b>Dist. Nearest Municipal Well (ft)</b>	>5280	0	
<b>Distance to Other Wells (feet)</b>	>1320	0	
<b>Native Soil Type</b>	Mod permeability	10	
<b>Fluid Type</b>	Fresh Water	5	
<b>Drill Cuttings</b>	Normal Rock	0	
<b>Annual Precipitation (inches)</b>		0	
<b>Affected Populations</b>			
<b>Presence Nearby Utility Conduits</b>	Not Present	0	
	<b>Final Score</b>	37	1 Sensitivity Level

**Characteristics / Requirements**

A 120' x 200' x 8' deep reserve pit will be located on the northeast side of the location. It will be lined with a 20-mil liner and a sub-liner if needed. Corner C of the pit is in a 1.4 foot fill. With a 20 mil liner, a outside bench of 15-30 feet and a 2 foot freeboard, it should be stable.

**Closed Loop Mud Required?** N **Liner Required?** Y **Liner Thickness** 20 **Pit Underlayment Required?**

**Other Observations / Comments**

Floyd Bartlett  
Evaluator

5/6/2011  
Date / Time

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# Application for Permit to Drill

## Statement of Basis

5/31/2011

Utah Division of Oil, Gas and Mining

Page 1

<b>APD No</b>	<b>API WellNo</b>	<b>Status</b>	<b>Well Type</b>	<b>Surf Owner</b>	<b>CBM</b>
3656	43047515660000	LOCKED	OW	P	No
<b>Operator</b>	QUINEX ENERGY CORP		<b>Surface Owner-APD</b>	Bobby Arnold	
<b>Well Name</b>	Arnold 2-4B1E		<b>Unit</b>		
<b>Field</b>	BLUEBELL		<b>Type of Work</b>	DRILL	
<b>Location</b>	SWNE 4 2S 1E U 2085 FNL 1665 FEL		GPS Coord (UTM)	594805E	4465892N

### Geologic Statement of Basis

Quinex proposes to set 2,500 feet of surface casing which will be cemented to surface. The surface hole will be drilled utilizing fresh water mud. The estimated depth to the base of moderately saline ground water is 2,000 feet. A search of Division of Water Rights records indicates that there are no water wells within a 10,000 foot radius of the proposed location. The proposed casing and cementing program should adequately protect useable ground water in this area.

Brad Hill  
APD Evaluator

5/9/2011  
Date / Time

### Surface Statement of Basis

The general area is approximately 8.3 road miles northeast of Roosevelt, Duchesne County, Utah. Access from Roosevelt is by State of Utah highways and a Uintah County paved road. The expanded area extending from the south, north to Whiterocks, is known as Indian Bench. General topography varies from flat bench-lands to rolling terrain having side draws which are ephemeral or contain small perennial flows. Areas having an elevated water table are common. The high water table is augmented by frequent irrigation that occurs. Montes Creek is about 1-2 miles to the west the West Channel of the Uinta River is about the same distance to the east. Several canals and ditches to convey irrigation waters are on the bench. Small reservoir or stock ponds are also common. Land ownership on the bench is mixed and broken varying from private to Ute Tribal and allotted Indian Lands.

The proposed Arnold 2-4B1E oil well location is on property owned by Bobby Arnold. The minerals are also owned by Mr. Arnold. Terrain in the area has a gentle slope to the southeast. The pad location will utilize a slight rise which is drier than the surrounding area. A previous site about 500 feet to the north was evaluated and exhibited a water table which was near the surface. This site would require up to two feet of imported borrow to stabilize the surface. The water table in the selected site will still be high but the amount of borrow, if any, will be significantly reduced. A source of borrow, which appears to be suitable, is to the west on Mr. Arnolds property. He is agreeable to it being used. With the redesign, the reserve pit was enlarged in size and the depth reduced 2 feet to 8 feet deep. Maximum cut for the pad is 6.0 feet at Location Corner 2 with a maximum fill of 4.3 feet at Corner 9. Additional moving of the location to the south is restricted by a patented gilsonite vein which runs in a southeasterly direction for miles. A berm will be constructed inside the location on the west and north side to catch any near surface flows that may occur along these sides. Vegetation on the area is a native pasture dominated by wiregrass and other sedges. Russian olive trees dominate much of the surrounding area but are less abundant on the new area. Approximately 500 feet of new road will be constructing utilizing an old grade which is in the area for part of the distance.

Floyd Bartlett  
Onsite Evaluator

5/6/2011  
Date / Time

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

Category	Condition
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## Application for Permit to Drill Statement of Basis

5/31/2011

**Utah Division of Oil, Gas and Mining**

Page 2

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Pits	A synthetic liner with a minimum thickness of 20 mils with a subliner as needed shall be properly installed and maintained in the reserve pit.
Surface	The well site shall be bermed to prevent fluids from leaving the pad.
Surface	The reserve pit shall be fenced upon completion of drilling operations.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.

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## WORKSHEET APPLICATION FOR PERMIT TO DRILL

**APD RECEIVED:** 4/24/2011

**API NO. ASSIGNED:** 43047515660000

**WELL NAME:** Arnold 2-4B1E

**OPERATOR:** QUINEX ENERGY CORP (N9995)

**PHONE NUMBER:** 435 719-2018

**CONTACT:** Don Hamilton

**PROPOSED LOCATION:** SWNE 04 020S 010E

**Permit Tech Review:**

**SURFACE:** 2085 FNL 1665 FEL

**Engineering Review:**

**BOTTOM:** 2085 FNL 1665 FEL

**Geology Review:**

**COUNTY:** UINTAH

**LATITUDE:** 40.34009

**LONGITUDE:** -109.88383

**UTM SURF EASTINGS:** 594805.00

**NORTHINGS:** 4465892.00

**FIELD NAME:** BLUEBELL

**LEASE TYPE:** 4 - Fee

**LEASE NUMBER:** Patented

**PROPOSED PRODUCING FORMATION(S):** WASATCH

**SURFACE OWNER:** 4 - Fee

**COALBED METHANE:** NO

**RECEIVED AND/OR REVIEWED:**

- PLAT
- Bond: STATE - NZS499876
- Potash
- Oil Shale 190-5
- Oil Shale 190-3
- Oil Shale 190-13
- Water Permit: #43-12366 & 43-12367
- 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:** Cause 139-84
- Effective Date:** 12/31/2008
- Siting:** 660' Fr Drl U Bdry & 1320' Fr Other Wells
- R649-3-11. Directional Drill

**Comments:** Presite Completed

**Stipulations:** 5 - Statement of Basis - bhill



GARY R. HERBERT  
*Governor*

GREGORY S. BELL  
*Lieutenant Governor*

## State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
*Executive Director*

Division of Oil, Gas and Mining

JOHN R. BAZA  
*Division Director*

### Permit To Drill

\*\*\*\*\*

**Well Name:** Arnold 2-4B1E  
**API Well Number:** 43047515660000  
**Lease Number:** Patented  
**Surface Owner:** FEE (PRIVATE)  
**Approval Date:** 5/31/2011

**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 Cause 139-84. The expected producing formation or pool is the 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:**

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 <http://oilgas.ogm.utah.gov>

- 24 hours prior to testing blowout prevention equipment - contact Dan Jarvis
- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- Within 24 hours of making any emergency changes to the approved drilling program – contact Dustin Doucet
- 24 hours prior to commencing operations to plug and abandon the well – contact Dan Jarvis

**Contact Information:**

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

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

**Reporting Requirements:**

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

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

**Approved By:**



For John Rogers  
Associate Director, Oil & Gas

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> Patented
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.		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>
		<b>7. UNIT or CA AGREEMENT NAME:</b>
<b>1. TYPE OF WELL</b> Oil Well	<b>8. WELL NAME and NUMBER:</b> Arnold 2-4B1E	
<b>2. NAME OF OPERATOR:</b> QUINEX ENERGY CORP	<b>9. API NUMBER:</b> 43047515660000	
<b>3. ADDRESS OF OPERATOR:</b> 465 South 200 West , Bountiful, UT, 84010	<b>PHONE NUMBER:</b> 801 292-3800 Ext	<b>9. FIELD and POOL or WILDCAT:</b> BLUEBELL
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2085 FNL 1665 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SWNE Section: 04 Township: 02.0S Range: 01.0E Meridian: U	<b>COUNTY:</b> UINTAH	
		<b>STATE:</b> UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
<b>TYPE OF SUBMISSION</b>	<b>TYPE OF ACTION</b>	
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING
<input checked="" type="checkbox"/> SPUD REPORT Date of Spud: 6/6/2011	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER: <input type="text"/>
		<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
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.		
Dry hole spud at 10:00 AM, on 6/6/2011 by Leon Roth Rig #2. Set 40' of 18' Conductor pipe and cemented with sack cement. Rotary rig spud is projected to occur on Thursday, 6/16/2011 by Frontier Drilling Rig #2. Rotary spud will be reported later.		
<b>Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY</b>		
<b>NAME (PLEASE PRINT)</b> K. Michael Hebertson	<b>PHONE NUMBER</b> 801 292-3800	<b>TITLE</b> Geologist
<b>SIGNATURE</b> N/A		<b>DATE</b> 6/6/2011

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>
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		<b>7. UNIT or CA AGREEMENT NAME:</b>
<b>1. TYPE OF WELL</b> Oil Well	<b>8. WELL NAME and NUMBER:</b> Arnold 2-4B1E	
<b>2. NAME OF OPERATOR:</b> QUINEX ENERGY CORP	<b>9. API NUMBER:</b> 43047515660000	
<b>3. ADDRESS OF OPERATOR:</b> 465 South 200 West , Bountiful, UT, 84010	<b>PHONE NUMBER:</b> 801 292-3800 Ext	<b>9. FIELD and POOL or WILDCAT:</b> BLUEBELL
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2085 FNL 1665 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SWNE Section: 04 Township: 02.0S Range: 01.0E Meridian: U		<b>COUNTY:</b> UINTAH
		<b>STATE:</b> UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
<b>TYPE OF SUBMISSION</b>	<b>TYPE OF ACTION</b>	
<input type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start:	<input type="checkbox"/> <b>ACIDIZE</b>	
<input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:	<input type="checkbox"/> <b>ALTER CASING</b>	
<input checked="" type="checkbox"/> <b>SPUD REPORT</b> Date of Spud: 6/17/2011	<input type="checkbox"/> <b>CASING REPAIR</b>	
<input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<input type="checkbox"/> <b>CHANGE TO PREVIOUS PLANS</b>	
	<input type="checkbox"/> <b>CHANGE TUBING</b>	
	<input type="checkbox"/> <b>CHANGE WELL STATUS</b>	
	<input type="checkbox"/> <b>COMMINGLE PRODUCING FORMATIONS</b>	
	<input type="checkbox"/> <b>DEEPEN</b>	
	<input type="checkbox"/> <b>FRACTURE TREAT</b>	
	<input type="checkbox"/> <b>OPERATOR CHANGE</b>	
	<input type="checkbox"/> <b>PLUG AND ABANDON</b>	
	<input type="checkbox"/> <b>PRODUCTION START OR RESUME</b>	
	<input type="checkbox"/> <b>RECLAMATION OF WELL SITE</b>	
	<input type="checkbox"/> <b>REPERFORATE CURRENT FORMATION</b>	
	<input type="checkbox"/> <b>SIDETRACK TO REPAIR WELL</b>	
	<input type="checkbox"/> <b>TUBING REPAIR</b>	
	<input type="checkbox"/> <b>VENT OR FLARE</b>	
	<input type="checkbox"/> <b>WATER SHUTOFF</b>	
	<input type="checkbox"/> <b>SI TA STATUS EXTENSION</b>	
	<input type="checkbox"/> <b>WILDCAT WELL DETERMINATION</b>	
	<input type="checkbox"/> <b>OTHER</b>	
	OTHER: <input style="width: 100px;" type="text"/>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.		
The Arnold well was rotary spud at 11:00 AM 17 June 2011 with Frontier Drilling Rig #2. Currently drilling @ 185'		
<b>Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY</b>		
<b>NAME (PLEASE PRINT)</b> K. Michael Hebertson	<b>PHONE NUMBER</b> 801 292-3800	<b>TITLE</b> Geologist
<b>SIGNATURE</b> N/A		<b>DATE</b> 6/17/2011

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

FORM 6

ENTITY ACTION FORM

Operator: Quinex Energy Corp Operator Account Number: N 9995  
 Address: 465 South 200 West  
city Bountiful  
state Ut zip 84010 Phone Number: (801) 292-3800

Well 1

API Number	Well Name	QQ	Sec	Twp	R	County
4304751566	Arnold2-4B1E	SWNE	4	2S	1E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date		Effective Date	
A	99999	18098	6/6/2011		7/5/11	
Comments: <u>WSTC</u>						CONFIDENTIAL

Well 2

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

Well 3

API Number	Well Name	QQ	Sec	Twp	R	County
Action Code	Current Entity Number	New Entity Number	Spud Date		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

Name (Please Print)

*K. Michael Hebertson*

Signature

Geologist

Title

6/30/2011

Date

RECEIVED

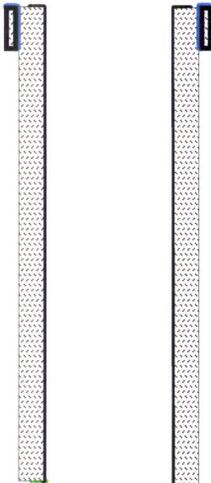
JUN 30 2011

DIV. OF OIL, GAS & MINING

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> Patented
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.		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>
		<b>7. UNIT or CA AGREEMENT NAME:</b>
<b>1. TYPE OF WELL</b> Oil Well	<b>8. WELL NAME and NUMBER:</b> Arnold 2-4B1E	
<b>2. NAME OF OPERATOR:</b> QUINEX ENERGY CORP	<b>9. API NUMBER:</b> 43047515660000	
<b>3. ADDRESS OF OPERATOR:</b> 465 South 200 West , Bountiful, UT, 84010	<b>PHONE NUMBER:</b> 801 292-3800 Ext	<b>9. FIELD and POOL or WILDCAT:</b> BLUEBELL
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2085 FNL 1665 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SWNE Section: 04 Township: 02.0S Range: 01.0E Meridian: U	<b>COUNTY:</b> UINTAH	
	<b>STATE:</b> UTAH	
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
<b>TYPE OF SUBMISSION</b>	<b>TYPE OF ACTION</b>	
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:  <input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 7/15/2011  <input type="checkbox"/> SPUD REPORT Date of Spud:  <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input checked="" type="checkbox"/> OTHER	
	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input type="text" value="Whipstock"/>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. See the attached diagram. If other information not included on the diagram is needed please advise.		
<b>Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY</b>		
<b>NAME (PLEASE PRINT)</b> K. Michael Hebertson	<b>PHONE NUMBER</b> 801 292-3800	<b>TITLE</b> Geologist
<b>SIGNATURE</b> N/A	<b>DATE</b> 7/19/2011	

Arnold 2-4B1E  
Sec. 4, T2S, R1E  
Uintah, County Utah

16 - 18 inch Conductor Pipe 250'  
cemented to surface



10 3/4 casing cemented to surface TD 2,200'

Kickoff angle 0.9 degrees, window cut and  
new hole started with 9 5/8 bit and bent sub  
Kickoff direction is North Northwest at 348 degrees

Build angle is 0.9 degrees  
Build out 13 feet from original hole  
and drop to vertical

Cement plug set at 4,590 for kickoff point  
in 9 5/8 inch open hole. Kicked off at 4,606'

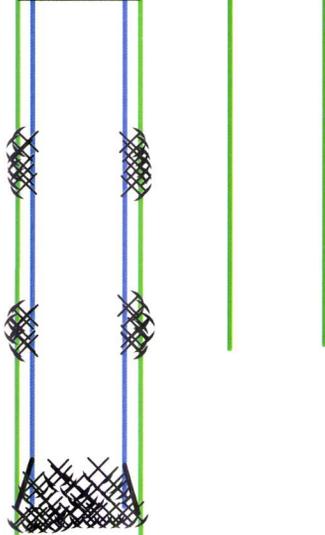
First plug set at 5,050' to 4,737' 260 sx "G" neat

Second plug set at 4,737' to 4,590' 150 sx "G" neat



Top of fish is at 5,426'

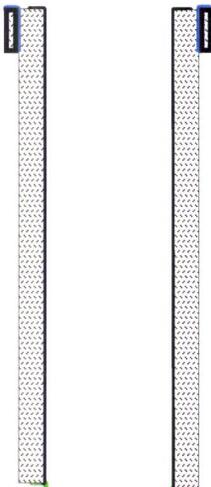
Original hole collapsed at 5,050 feet  
tools left in hole were:  
1 Mud Motor  
1 PDC Bit and sub  
2 Reamers  
4 8 inch collars  
Fish was 210 feet off bottom



<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> Patented
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.		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>
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<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2085 FNL 1665 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SWNE Section: 04 Township: 02.0S Range: 01.0E Meridian: U		<b>COUNTY:</b> UINTAH
		<b>STATE:</b> UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
<b>TYPE OF SUBMISSION</b>	<b>TYPE OF ACTION</b>	
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE	
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	
<input checked="" type="checkbox"/> DRILLING REPORT Report Date: 7/19/2011	<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 checked="" type="checkbox"/> SIDETRACK TO REPAIR WELL	
	<input type="checkbox"/> VENT OR FLARE	
	<input type="checkbox"/> SI TA STATUS EXTENSION	
	<input type="checkbox"/> OTHER: <input style="width: 100px;" type="text" value="Whipstock"/>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. See the attached diagram. The Arnold well is currently drilling at 6,512' Mud Weight is 10.5 with a VIS of 45. 3 degrees out to the Southwest		
<b>Accepted by the          Utah Division of          Oil, Gas and Mining          FOR RECORD ONLY</b>		
<b>NAME (PLEASE PRINT)</b> K. Michael Hebertson	<b>PHONE NUMBER</b> 801 292-3800	<b>TITLE</b> Geologist
<b>SIGNATURE</b> N/A	<b>DATE</b> 7/19/2011	

Arnold 2-4B1E  
Sec. 4, T2S, R1E  
Uintah, County Utah

16 - 18 inch Conductor Pipe 250'  
cemented to surface



10 3/4 casing cemented to surface TD 2,200'

Kickoff angle 0.9 degrees, window cut and  
new hole started with 9 5/8 bit and bent sub  
Kickoff direction is North Northwest at 348 degrees

Build angle is 0.9 degrees  
Build out 13 feet from original hole  
and drop to vertical

Cement plug set at 4,590 for kickoff point  
in 9 5/8 inch open hole. Kicked off at 4,606'

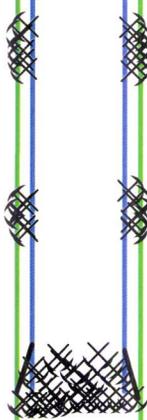
First plug set at 5,050' to 4,737' 260 sx "G" neat

Second plug set at 4,737' to 4,590' 150 sx "G" neat



Top of fish is at 5,426'

Original hole collapsed at 5,050 feet  
tools left in hole were:  
1 Mud Motor  
1 PDC Bit and sub  
2 Reamers  
4 8 inch collars  
Fish was 210 feet off bottom



<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	<b>FORM 9</b>  <b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> Patented
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  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.	<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>  <b>7. UNIT or CA AGREEMENT NAME:</b>
<b>1. TYPE OF WELL</b> Oil Well	<b>8. WELL NAME and NUMBER:</b> Arnold 2-4B1E
<b>2. NAME OF OPERATOR:</b> QUINEX ENERGY CORP	<b>9. API NUMBER:</b> 43047515660000
<b>3. ADDRESS OF OPERATOR:</b> 465 South 200 West , Bountiful, UT, 84010	<b>PHONE NUMBER:</b> 801 292-3800 Ext
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2085 FNL 1665 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SWNE Section: 04 Township: 02.0S Range: 01.0E Meridian: U	<b>9. FIELD and POOL or WILDCAT:</b> BLUEBELL  <b>COUNTY:</b> UINTAH  <b>STATE:</b> UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: 8/1/2011	<input type="checkbox"/> ACIDIZE	<input checked="" type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:	<input checked="" type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input checked="" type="checkbox"/> OTHER	OTHER: <input type="text" value="See the attached"/>

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

The attached is to notify of the change in casing setting setting depth for the intermediate casing.

Approved by the  
 Utah Division of  
 Oil, Gas and Mining

Date: 08/02/2011  
 By: *Dark K. Quist*

<b>NAME (PLEASE PRINT)</b> K. Michael Hebertson	<b>PHONE NUMBER</b> 801 292-3800	<b>TITLE</b> Geologist
<b>SIGNATURE</b> N/A	<b>DATE</b> 8/1/2011	



QUINEX ENERGY CORPORATION

## Notice of Change of Plans

1 August 2011

State of Utah  
Department of Natural Resources  
Division of Oil, Gas & Mining

Arnold 2-4B1E  
Section 4, T1S, R1E  
Uintah, County Utah  
43-047-51566

Quinex Energy respectfully submits the following change of plans for the Arnold 2-4B1E well.

While making a bit trip at 5,685' the wellbore collapsed at 5,050' trapping the 8 inch collars, mud motor two reamers and bit in the hole. After 2 weeks of fishing and building mud weight and hole volume it was decided to whipstock the well at 4,750' and redrill the section to a point below the depth of the original hole. A copy of the whipstock profile was submitted by Sundry two weeks ago.

Since that time the well has reached a depth of 9,665'. While making a bit trip on Saturday July 30 the collars, mud motor and bit became stuck in a keyseat at the kickoff point where the hole was brought back to vertical at 5,200'.

There have been 7 shows in the Green River section of the hole between 7,100' and 9,665' that cannot be contained with mud weights of 10.5 – 10.6 pounds per gallon and the well has tried to unload several times.

Quinex has decided to run logs and run intermediate casing in the well at the present depth to avoid further keyseat problems, and loss of the productive zones already drilled. Analysis of the offsetting wells indicates that there is little chance of other major pay zones between 9,700' and 11,100' in this well.

Cement volumes and equipment for the casing will be adjusted and recalculated from the hole volumes obtained from the open hole logs.

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  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.		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> Patented
		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>
<b>1. TYPE OF WELL</b> Oil Well		<b>7. UNIT or CA AGREEMENT NAME:</b>
<b>2. NAME OF OPERATOR:</b> QUINEX ENERGY CORP		<b>8. WELL NAME and NUMBER:</b> ARNOLD 2-4B1E
<b>3. ADDRESS OF OPERATOR:</b> 465 South 200 West , Bountiful, UT, 84010		<b>9. API NUMBER:</b> 43047515660000
<b>PHONE NUMBER:</b> 801 292-3800 Ext		<b>9. FIELD and POOL or WILDCAT:</b> BLUEBELL
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2085 FNL 1665 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SWNE Section: 04 Township: 02.0S Range: 01.0E Meridian: U		<b>COUNTY:</b> UINTAH
		<b>STATE:</b> 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.

Date of first production 29 December 2011 5:00 PM. Completin to follow

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

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

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

**CONFIDENTIAL**

AMENDED REPORT  FORM 8  
(highlight changes)

**WELL COMPLETION OR RECOMPLETION REPORT AND LOG**

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

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER:  
**Arnold 2-4B1E**

9. API NUMBER:  
**4304751566**

10. FIELD AND POOL, OR WILDCAT  
**Bluebell**

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:  
**SWNE 4 2S 1E**

12. COUNTY  
**Uintah**

13. STATE  
**UTAH**

1a. TYPE OF WELL: OIL WELL  GAS WELL  DRY  OTHER \_\_\_\_\_

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

2. NAME OF OPERATOR:  
**Quinex Energy Corporation**

3. ADDRESS OF OPERATOR:  
**465 South 200 West** CITY **Bountiful** STATE **UT** ZIP **84010** PHONE NUMBER: **(801) 292-3800**

4. LOCATION OF WELL (FOOTAGES)  
AT SURFACE: **2085 FNL 1665 FEL**  
AT TOP PRODUCING INTERVAL REPORTED BELOW: **2085 FNL 1665 FEL**  
AT TOTAL DEPTH: **13000**

14. DATE SPUDDED: **6/6/2011** 15. DATE T.D. REACHED: **8/20/2011** 16. DATE COMPLETED: **12/29/2011** ABANDONED  READY TO PRODUCE

17. ELEVATIONS (DF, RKB, RT, GL): **5235 GL 5252 KB**

18. TOTAL DEPTH: MD **13,000** TVD **13,000** 19. PLUG BACK T.D.: MD **12,905** TVD **12,905** 20. IF MULTIPLE COMPLETIONS, HOW MANY? **3 Stages** 21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)  
**Triple ACRT, Triple BHV, Triple COMP, Bond, Mud**

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

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

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
20	18		0	250		redi mix		surface	
13.375	10.75 J 55	40.5	0	2,170		G 450 V 250	1,719 288	SURFACE SHOE	
9.625	7.625 P11 <sub>4</sub>	29.7	0	9,661	5,575	POZ 1,00 <sub>4</sub> LITE 650	1,250 1,099	SURFACE 5575	
6.5	5.5 P11 <sub>4</sub>	20	9,351	13,000	9,351	POZ 300	378	HANGER	

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
(A) Wasatch	12,544	12,750	12,544	12,750	12,544 12,750	.38	48	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(B) Wasatch	12,150	12,342	12,150	12,342	12,150 12,342	.38	120	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(C) Wasatch	11,314	11,954	11,314	11,954	11,314 11,954	.38	168	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

27. PERFORATION RECORD

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

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
12544 - 12750	See the attached
12150 - 12342	See the attached
11314 - 11954	See the attached

29. ENCLOSED ATTACHMENTS:  ELECTRICAL/MECHANICAL LOGS  GEOLOGIC REPORT  DST REPORT  DIRECTIONAL SURVEY  
 SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION  CORE ANALYSIS  OTHER: \_\_\_\_\_

30. WELL STATUS: **POW**

**RECEIVED**

**JAN 17 2012**

DIV. OF OIL, GAS & MINING

(CONTINUED ON BACK)

31. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED: 12/29/2011	TEST DATE: 12/31/2011	HOURS TESTED: 24	TEST PRODUCTION RATES: →	OIL - BBL: 395	GAS - MCF: 450	WATER - BBL: 150	PROD. METHOD: Flowing
CHOKE SIZE: 13/64	TBG. PRESS.	CSG. PRESS. 900	API GRAVITY 49.90	BTU - GAS 1,450	GAS/OIL RATIO 9	24 HR PRODUCTION RATES: →	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: →	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: →	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: →	INTERVAL STATUS:

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

Sold to El Paso

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)
			See the attached Show Report	Duchesne River	0
				Uinta	1,755
				Green River	5,461
				Green River "H"	8,620
				Green River Black Shale	8,715
				Wasatch Transition	9,475
				Wasatch	10,143

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 *K. Michael Hebertson*

DATE 1/12/2012

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

**Quinex Energy Corporation**  
**Arnold 2-4B1E**  
**Section 4, T2S, R1E**  
**Uintah County Utah**

**Summary of 3 Stages**

1. RU Wireline Company and lubricator and RIH with Stage #1 perforating guns.
2. Perforate Stage 1 in the following intervals using 3 3/8" expendable csg guns, premium charges, 4 SPF, 120° phasing. **Correlate depths to Halliburton Spectral Density Dual Spaced Neutron Array Compensated True Resistivity Log dated 28 Aug 2011, and Bond Log.**

**Wasatch Stage 1: 48 perforations, 12 net feet, 206 gross feet, 2 intervals**

12,746 – 12,750	4'	16 Shots
12,544 – 12,552	8'	32 Shots
<b>Totals</b>	<b>12'</b>	<b>48 Shots</b>

3. RU BJ Test pump lines to 8,000 lbs. Frac'd with 72,701 lbs Terra Prop Pro and 100m Propant 2,510 BBLs cross linked gel concentrations of 1 – 4 lbs per gal. 51 BBLs per min at 6,803 psi average and 7,106 psi maximum. See the attached stage #1. ISIP 6,080
4. Run wireline in hole with composite Frac Plug and Stage #2 perforating guns. Set Plug at 12,400'.
5. Perforate Stage 2 in the following intervals using 3 3/8" expendable csg guns, premium charges, 4 SPF, 120° phasing. **Correlate depths to Halliburton Spectral Density Dual Spaced Neutron Array Compensated True Resistivity Log dated 28 Aug 2011, and Bond Log.**

6. **Wasatch Stage 2: 120 perforations, 30 net feet, 192 gross feet, 4 intervals**

12,338 – 12,342	4'	16 Shots
12,328 – 12,334	6'	24 Shots
12,240 – 12,244	4'	16 Shots
12,150 – 12,166'	16'	64 Shots
<b>Totals</b>	<b>30'</b>	<b>120 Shots</b>

7. RU BJ Test pump lines to 8,000 lbs. Frac'd with 132,863 lbs Terra Prop Pro and 100m Propant 3,269 BBLs cross linked gel concentrations of 1 – 4 lbs per gal. 60 BBLs per min at 5,475 psi average and 5,908 psi maximum. See the attached stage #3. ISIP 4,738
8. Run wireline in hole with composite BP and Stage #2 perforating guns. Set BP at 12,050'.
9. Perforate Stage 3 in the following intervals using 3 3/8" expendable csg guns, premium charges, 4 SPF, 120° phasing. **Correlate depths to Halliburton Spectral Density Dual Spaced Neutron Array Compensated True Resistivity Log dated 28 Aug 2011, and Bond Log.**

**Wasatch Stage 3: 168 perforations, 42 net feet, 640 gross feet, 6 intervals**

11,946 – 11,954	8'	32 Shots
11,698 – 11,702	4'	16 Shots
11,668 – 11,678	10'	40 Shots
11,504 – 11,518	14'	56 Shots
11,314 – 11,320	6'	24 Shots

**Totals****42'****168 Shots**

10. RU BJ Test pump lines to 8,000 lbs. Frac'd with 126,161 lbs Terra Prop Pro and 100m Propant 2,953 BBLs cross linked gel concentrations of 1 – 4 lbs per gal. 63 BBLs per min at 5,405 psi average and 5,858 psi maximum. See the attached stage #3. ISIP 4,562
11. Shut-in 3 hours and then open well to flow until pressure has bled off.
12. Placed well on production when well began to produce oil.
13. Date of First Production, 29 December 2011.
14. IP 390 BBLs/D flowing at 900 PSI on 15/64 choke.



Proposal No: 515855189A  
Field Receipt No: 1001876775

**Quinex Energy Corp.**  
**Arnold #2-4B1E**  
**Stage 3**

API #: 43-047-51566-0000  
Bluebell Field  
Sec 4-T 2 S-R 1 E  
Uintah County, Utah  
December 28, 2011

## Post Treatment Report

**Prepared for:**  
Paul Wells  
Quinex Energy Corp.

**Prepared by:**  
Nathan Carter

Vernal, UT  
Business Phone: 435-781-2294  
Fax: 435-789-4530



POWERVISION<sup>SM</sup>

**Service Point:**  
Vernal, UT  
Bus Phone: 435-781-2294  
Fax: 435-789-4530

**Service Supervisor:**  
Andy Duran

Operator Name: Quinex Energy Corp.  
Well Name: Arnold #2-4B1E Stg. 3  
Job Description: Lightning 2500D  
Date: December 28, 2011



Proposal No: 515855189A  
Field Receipt No: 1001876775

---

2160S 1500E  
Vernal, UT 84078  
435-781-2294

December 28, 2011

Paul Wells  
Quinex Energy Corp.

Re:  
Post Treatment Report  
Arnold #2-4B1E Stg. 3  
Wasatch Formation

Dear Mr. Wells,

This post treatment summary contains information that was gathered through BJ Service Co.'s real time data acquisition system. The stimulation treatment on the above referenced well was performed by our Vernal district on December 28, 2011. The information presented consists of the Well Data, Material Utilization, Treatment Schedule, Fracture Parameters, Quality Control and Treatment Graphs.

Thank you for the opportunity to perform this treatment. If you have any questions or comments, please call me at 435-781-2294.

Sincerely,

Nathan Carter  
BJ Services Co.

Operator Name: Quinex Energy Corp.  
Well Name: Arnold #2-4B1E Stg. 3  
Job Description: Lightning 2500D  
Date: December 28, 2011



Proposal No: 515855189A  
Field Receipt No: 1001876775

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## **TABLE OF CONTENTS**

Section I	Well Data
Section II	Material Utilization
Section III	Treatment Schedule
Section IV	Fracture Parameters
Section V	Quality Control
Section VI	Treatment Graphs

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 3  
 Job Description: Lightning 2500D  
 Date: December 28, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**SECTION I - WELL DATA**

**RESERVOIR DATA**

Formation: Wasatch  
 Formation Type: Sandstone  
 Depth to Middle Perforation: 11507.5 ft  
 Fracture Gradient: 0.83 psi/ft  
 Bottom Hole Fracture Pressure: 9553 psi  
 Bottom Hole Static Temperature: 201 ° F

**PERFORATED INTERVAL**

DEPTH (ft)		Shots Per Foot	Perf Diameter (in)	Total Perfs
MEASURED	TRUE VERTICAL			
11,315 - 11,318	11,315 - 11,318	4	0.34	12
11,511 - 11,517	11,511 - 11,517	4	0.34	24
11,669 - 11,678	11,669 - 11,678	4	0.34	36
11,698 - 11,700	11,698 - 11,700	4	0.34	8

Total Number of Perforations: 80  
 Total Feet Perforated: 20 ft

**TUBULARS**

Pump Via: Casing

**TUBULAR GEOMETRY**

					Top	Bottom
Casing	7 5/8	O.D.	(6.625" I.D.)	39 #	0	9350
Casing	5 1/2	O.D.	(4.778" I.D.)	20 #	9350	13000

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 3  
 Job Description: Lightning 2500D  
 Date: December 28, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**SECTION II - MATERIAL UTILIZATION**

**VOLUMES**

Label	Clean Volumes		Unit
	Proposed	Actual	
Pad	5,000	4,981	gals
Treating Fluid	74,583	74,443	gals
Flush	19,000	18,950	gals
Other	27,000	25,654	gals
Load To Recover		124,029	gals
		2,953	bbbs

**PROPPANT**

Size & Type	Proposed	Actual	Unit
White, 100m	7,000	4,115	lbs.
Terra Prop Pro	115,000	122,046	lbs.
Total Proppant	122,000	126,161	lbs

**ADDITIVES**

Product Name	Proposed	Actual	Unit
GW-3LDF	544	445	Gal.
BF-7L	199	198	Gal.
XLW-30AG	64	67	Gal.
XLW-32	16	17	Gal.
Claycare	124	126	Gal.
Flo-Back	248	245	Gal.
HP CRB	112	100	Lb.
GBW-5	45	30	Lb.
Scalesorb 3	268	250	Lb.

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 3  
 Job Description: Lightning 2500D  
 Date: December 28, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**SECTION III - TREATMENT SCHEDULE**

**PROCEDURE**

Stage	Fluid		Prop Conc.		Clean Volume		
	Type	Stage Label	Prop.	Act.	Proposed	Actual	Units
1	Claytreat Water	Claytreat Water	0	0	1,000	1,050	gals
2	Acid	15% HCl	0	0	5,000	5,048	gals
3	Prepad	Claytreat Water	0	0	21,000	19,555	gals
4	Pad	Pad	0	0	5,000	4,981	gals
5	Lightning 2500D	100 Mesh Sand	0.5	0.5	14,000	9,841	gals
6	Lightning 2500D	Spacer	0	0	5,000	5,069	gals
7	Lightning 2500D	1# Sand	1	1	17,250	17,219	gals
8	Lightning 2500D	2# Sand	2	2	20,125	20,138	gals
9	Lightning 2500D	3# Sand	3	3	15,333	15,356	gals
10	Lightning 2500D	4# Sand	4	4	2,875	6,820	gals
11	Slickwater	Flush	0	0	19,000	18,950	gals

**COMMENTS**



Operator Name: Quinex Energy Corp.  
Well Name: Arnold #2-4B1E Stg. 3  
Job Description: Lightning 2500D  
Date: December 28, 2011



Proposal No: 515855189A  
Field Receipt No: 1001876775

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**SECTION V - QUALITY CONTROL**

Operator Name: Quinex Energy Corp.  
 Job Name: Arnold #2-4B1E Stg. 3  
 Job Description: Lightning 2500D  
 Date: December 28, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**WATER ANALYSIS**

Date Sampled: 12/6/11

Source: Tank

Tank:	1	2	3	4	5	6	7	8	9	10
Clarity, color, odor	Clear									
Temperature, (°F)	91.0	50.0	51.0	50.0	50.0	49.0	50.0	61.0	69.0	62.0
pH	8.00	8.20	7.80	7.90	8.00	8.00	8.00	8.00	8.10	8.30
Specific Gravity	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Iron (mg/L)	1.6	1.6	1.6	1.6	1.6	1.6	1.2	1.2	1.2	1.6
Sulfates (mg/L)	400	400	400	200	400	400	400	200	400	400
Chlorides (mg/L)	222	222	195	195	195	195	160	248	5587	222
Bicarbonates (mg/L)	73	73	98	98	98	98	85	85	85	73
Hardness (mg/L)	222	222	171	171	171	171	205	205	205	222

Tank:	11	12	13	14	15	16	17	18	19	20
Clarity, color, odor	Clear									
Temperature, (°F)	52.0	83.0	44.0	46.0	81.0	87.0	82.0	83.0	90.0	127.0
pH	7.90	7.90	7.70	7.90	8.20	7.90	6.70	7.20	8.20	7.80
Specific Gravity	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Iron (mg/L)	1.2	0.4	0.4	0.4	1.6	0.4	1.2	1.2	1.2	1.2
Sulfates (mg/L)	400	200	200	200	400	400	400	200	400	400
Chlorides (mg/L)	177	177	177	177	532	177	222	222	222	222
Bicarbonates (mg/L)	85	110	110	110	31	110	146	146	146	146
Hardness (mg/L)	205	257	257	257	222	257	325	325	325	325

Operator Name: Quinex Energy Corp.  
Well Name: Arnold #2-4B1E Stg. 3  
Job Description: Lightning 2500D  
Date: December 28, 2011



Proposal No: 515855189A  
Field Receipt No: 1001876775

**WATER ANALYSIS**

Date Sampled: 12/6/11

Source: Tank

Tank:	21	22	23	24	25	26	27	28	29	30
Clarity, color, odor	tan	tan								
Temperature, (°F)	127.0	109.0								
pH	7.30	7.70								
Specific Gravity	0.996	0.996								
Iron (mg/L)	5.0	9.0								
Sulfates (mg/L)	400	400								
Chlorides (mg/L)	355	355								
Bicarbonates (mg/L)	244	244								
Hardness (mg/L)	684	684								



Rocky Mountain Region  
Laboratory  
For  
Quinex Energy Corp.

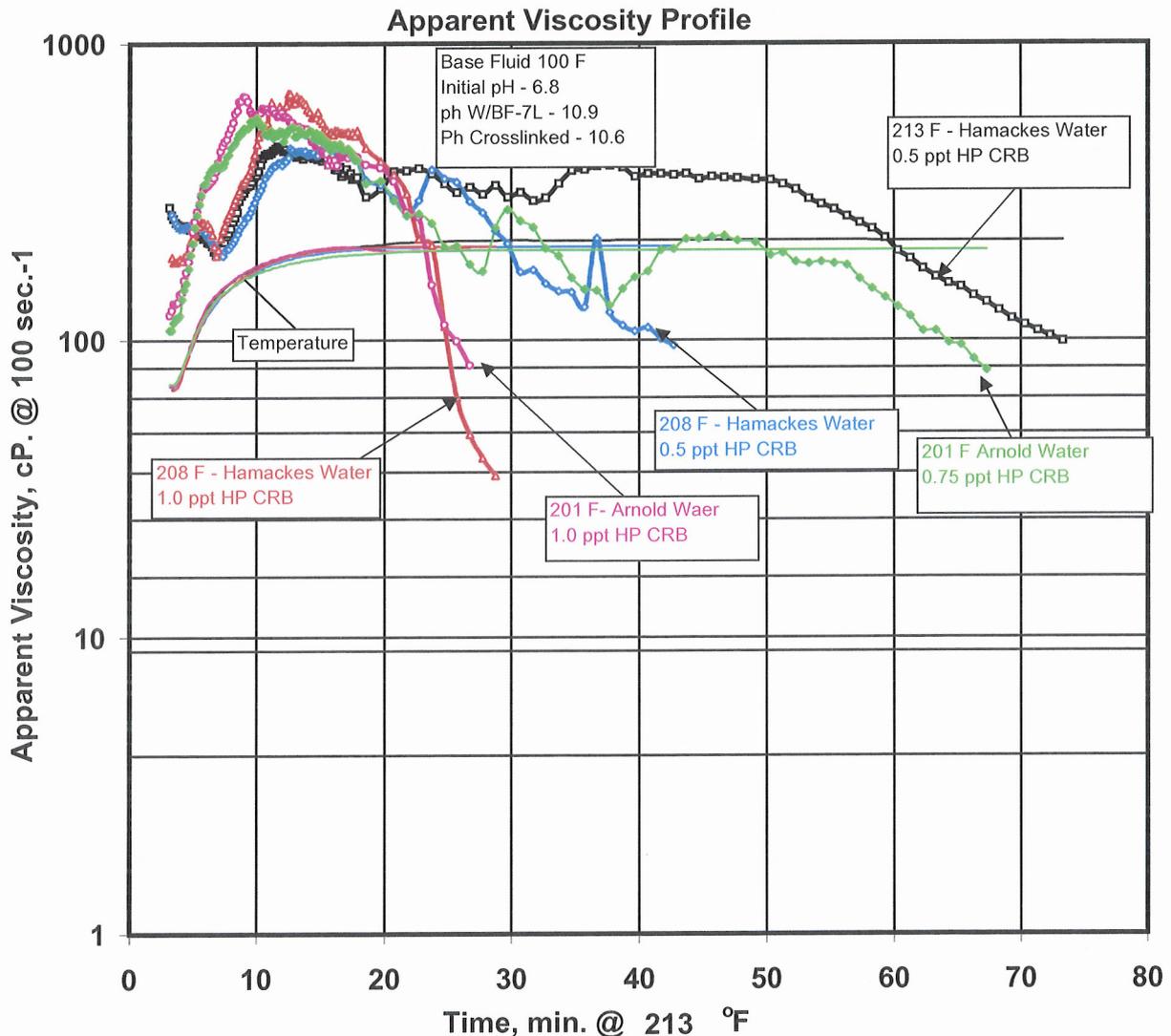
Arnold  
#2-4B1E  
Uintah County  
Utah  
Wasatch Formation

Fluid System  
Lightning 25  
Containing:

6.25 gpt GW-3LDF  
0.8 gpt XLW-30AG  
2.5 gpt BF-7L  
1.0 gpt ClayCare  
2.0 gpt FlobackPro

HP CRB as indicated

0.2 gpt XLW-32  
0.05 gpt Maganecide 575  
Submitted Water



Rocky Mountain Region Laboratory  
Brighton, CO 80601  
Date: 12/25/2011

Time "0" at Instrument Start  
File: S1208211  
Tom Smith

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 3  
 Job Description: Lightning 2500D  
 Date: December 28, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**WATER BASED FRAC FLUID QC**

Name of Product System Mixed:	Lightning 2500							
Gellant loading (lbs/1000 gal)	7							
Sampling Time:	7:00AM							
Sample Temperature °F	80.0							
Fann Reading @ 300 RPM	3 min.	18						
	5 min.	22						
	min.	22						
	min.	22						
Base Gel pH	7.53							
Buffered pH	11.31							
X-Link pH	10.36							
Broken pH								

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 3  
 Job Description: Lightning 2500D  
 Date: December 28, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**PROPPANT QUALITY CONTROL**

- "Brady" Type Sand       Ceramic Proppant       Sintered Bauxite  
 "Ottawa" Type Sand       Resin Coated Sand       Other (specify) \_\_\_\_\_

Recognized proppant or gravel sizes: 8/16, 12/20, 16/20, 16/30, 18/40, 20/40, 30/50, 40/70

<input checked="" type="checkbox"/> Correct Color <input checked="" type="checkbox"/> Low Dust <input checked="" type="checkbox"/> Correct Appearance <input checked="" type="checkbox"/> In Size > 90% <input checked="" type="checkbox"/> Oversize < 0.1% <input checked="" type="checkbox"/> Fines < 1.0% <input checked="" type="checkbox"/> Sample Acceptable?	<input type="checkbox"/> Correct Color <input type="checkbox"/> Low Dust <input type="checkbox"/> Correct Appearance <input type="checkbox"/> In Size > 90% <input type="checkbox"/> Oversize < 0.1% <input type="checkbox"/> Fines < 1.0% <input type="checkbox"/> Sample Acceptable?	<input type="checkbox"/> Correct Color <input type="checkbox"/> Low Dust <input type="checkbox"/> Correct Appearance <input type="checkbox"/> In Size > 90% <input type="checkbox"/> Oversize < 0.1% <input type="checkbox"/> Fines < 1.0% <input type="checkbox"/> Sample Acceptable?	<input type="checkbox"/> Correct Color <input type="checkbox"/> Low Dust <input type="checkbox"/> Correct Appearance <input type="checkbox"/> In Size > 90% <input type="checkbox"/> Oversize < 0.1% <input type="checkbox"/> Fines < 1.0% <input type="checkbox"/> Sample Acceptable?
---	--	--	--

Sample 1			Sample 2			Sample 3			Sample 4		
Size: 20/40			Size:			Size:			Size:		
Type: Terra Prop Ultra			Type:			Type:			Type:		
Mesh	Grams	%	Mesh	Grams	%	Mesh	Grams	%	Mesh	Grams	%
16	0.0	0.00									
20	0.2	0.20									
30	96.2	96.59									
35	2.7	2.71									
40	0.2	0.20									
50	0.2	0.20									
Pan	0.1	0.10									
<b>Total:</b>	<b>99.6</b>	<b>100.00</b>	<b>Total:</b>	<b>0.0</b>	<b>0.00</b>	<b>Total:</b>	<b>0.0</b>	<b>0.00</b>	<b>Total:</b>	<b>0.0</b>	<b>0.00</b>
In Size: 99.5 %			In Size:			In Size:			In Size:		
Oversize: 0.0 %			Oversize:			Oversize:			Oversize:		
Fines: 0.1 %			Fines:			Fines:			Fines:		

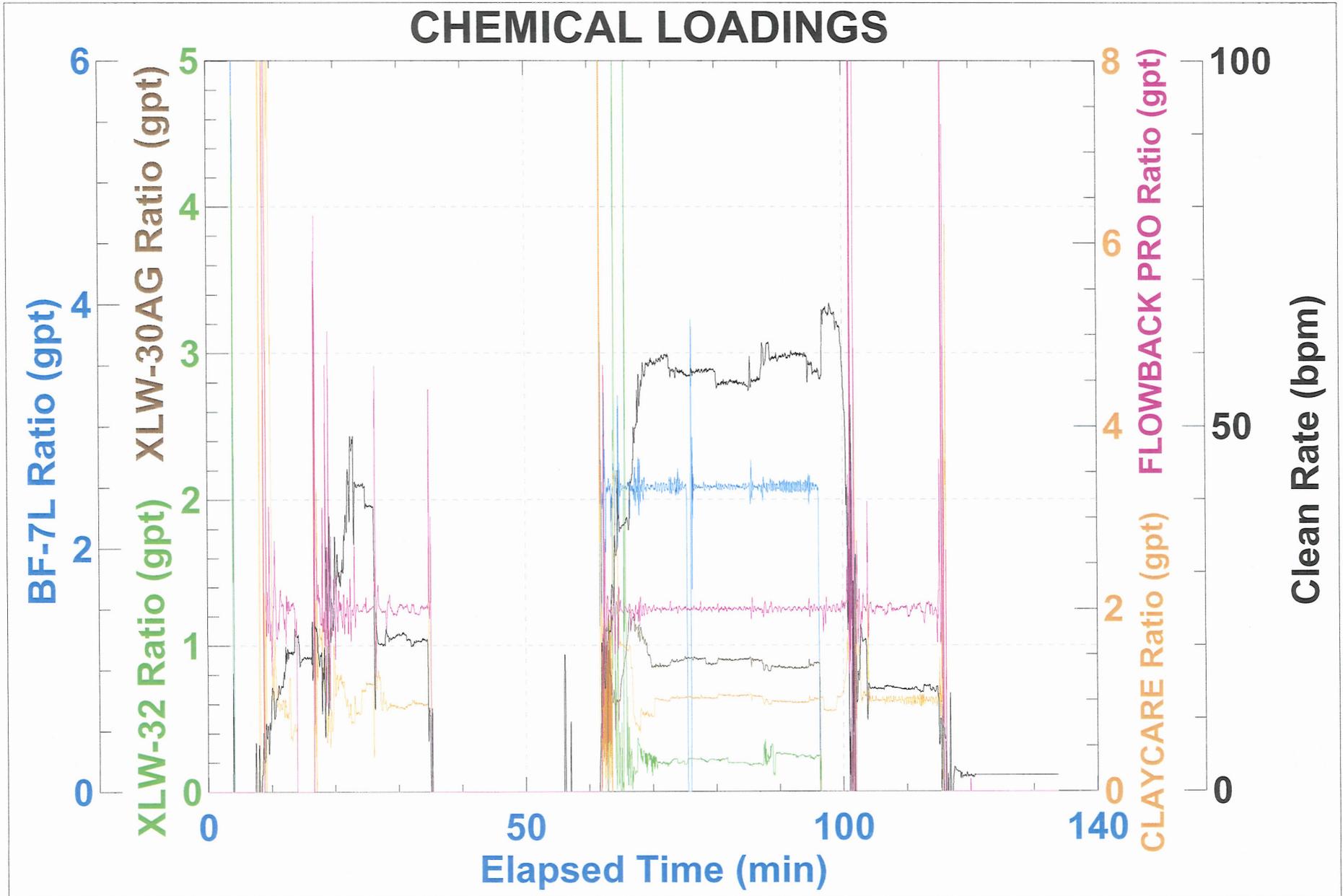
Operator Name: Quinex Energy Corp.  
Well Name: Arnold #2-4B1E Stg. 3  
Job Description: Lightning 2500D  
Date: December 28, 2011

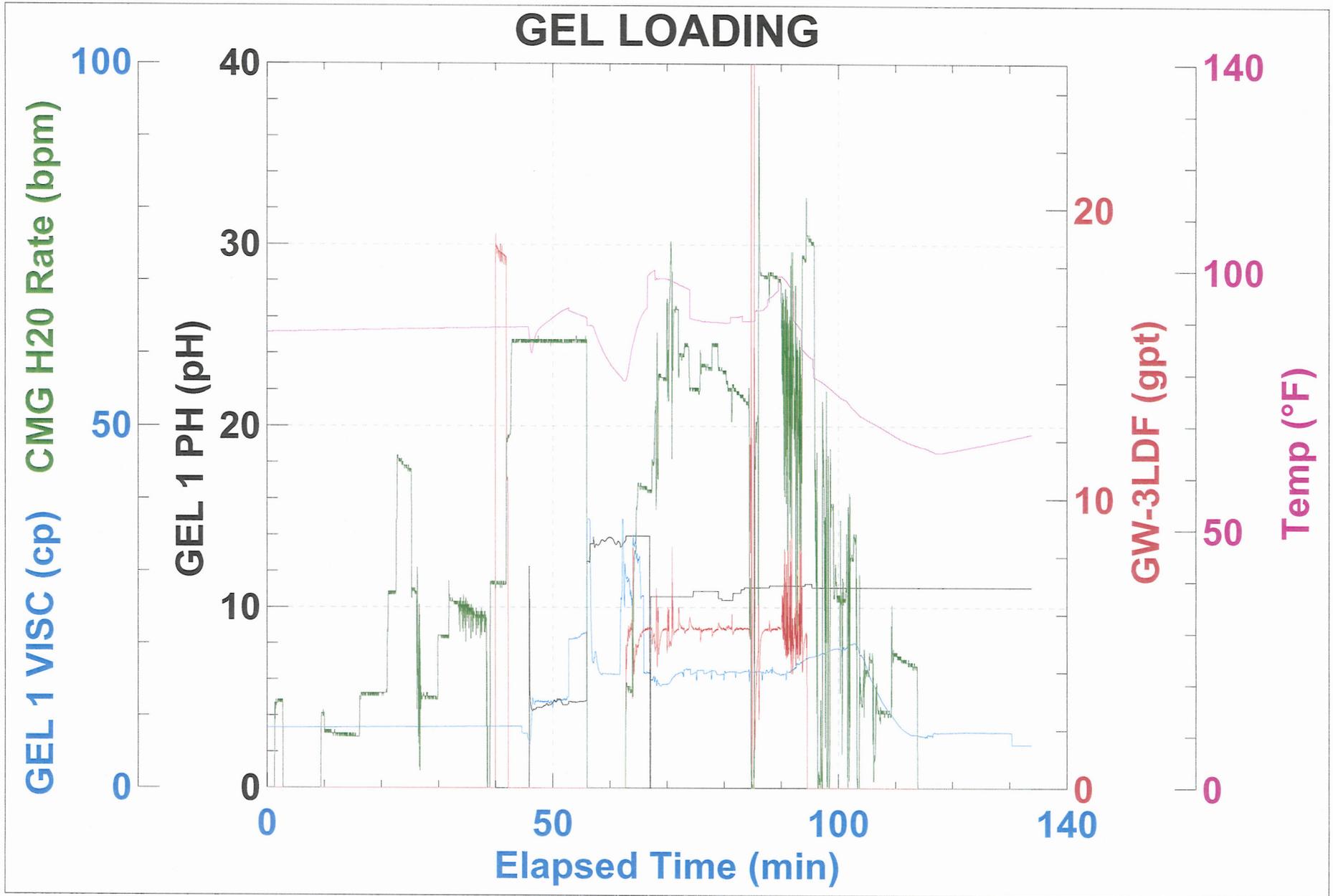


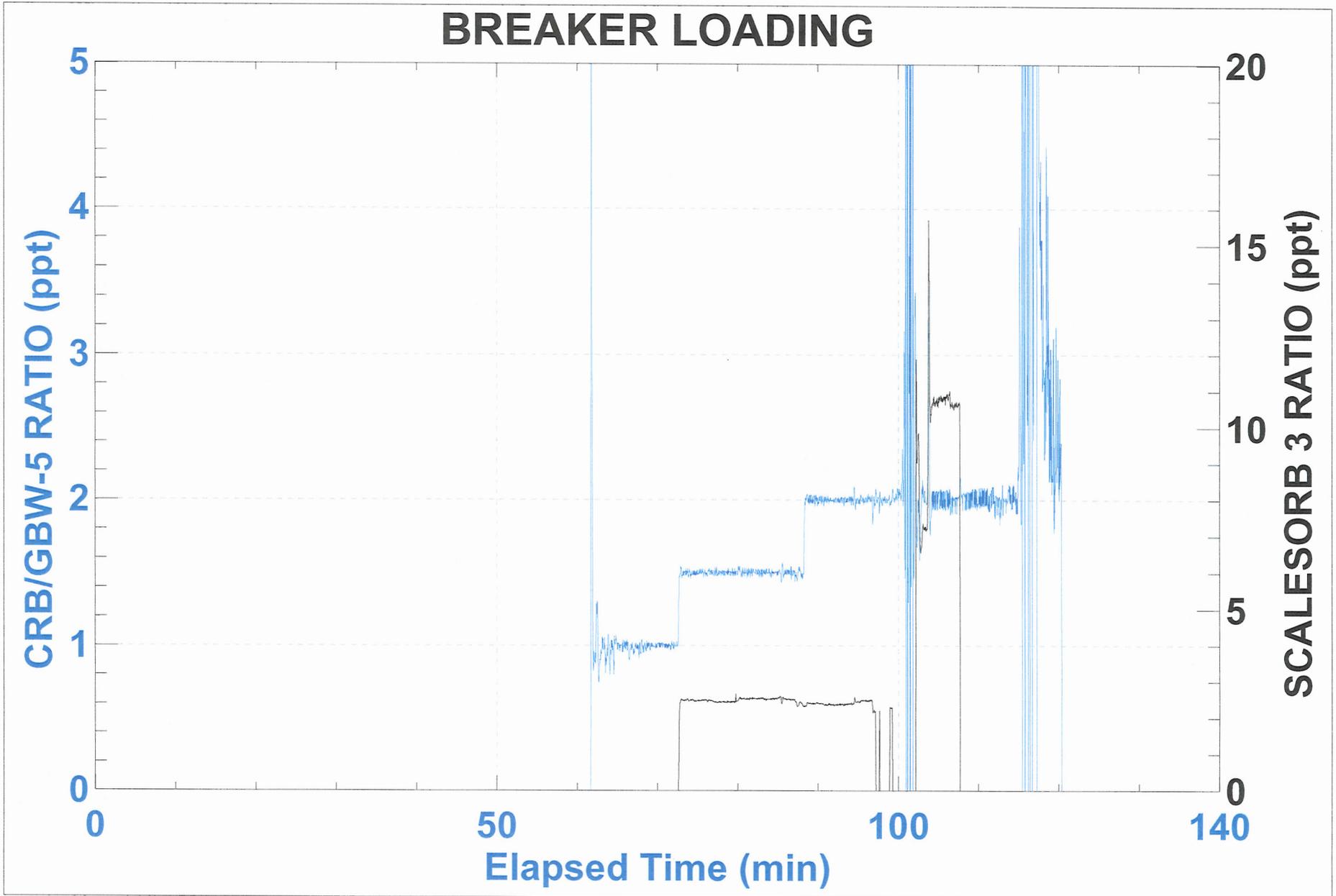
Proposal No: 515855189A  
Field Receipt No: 1001876775

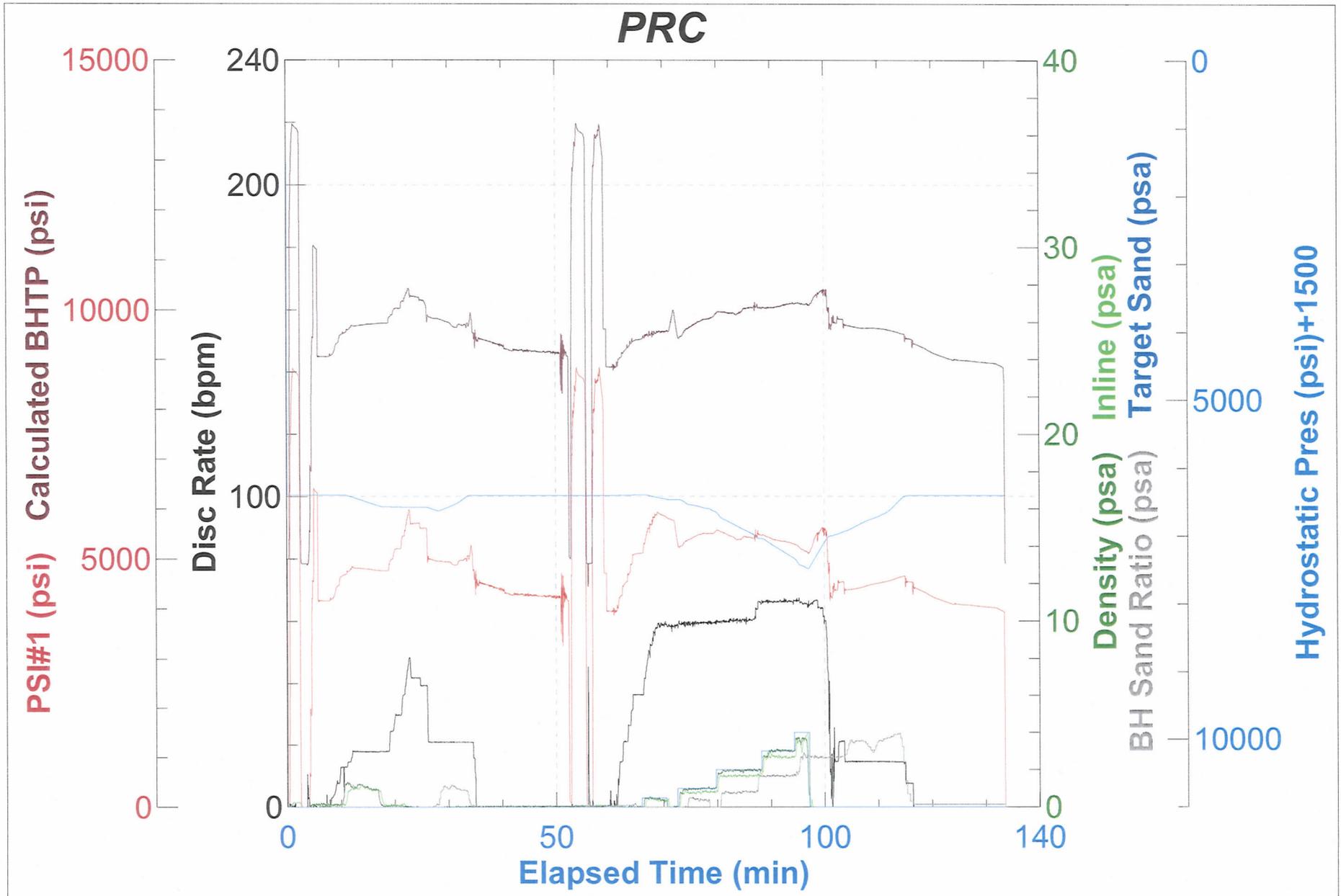
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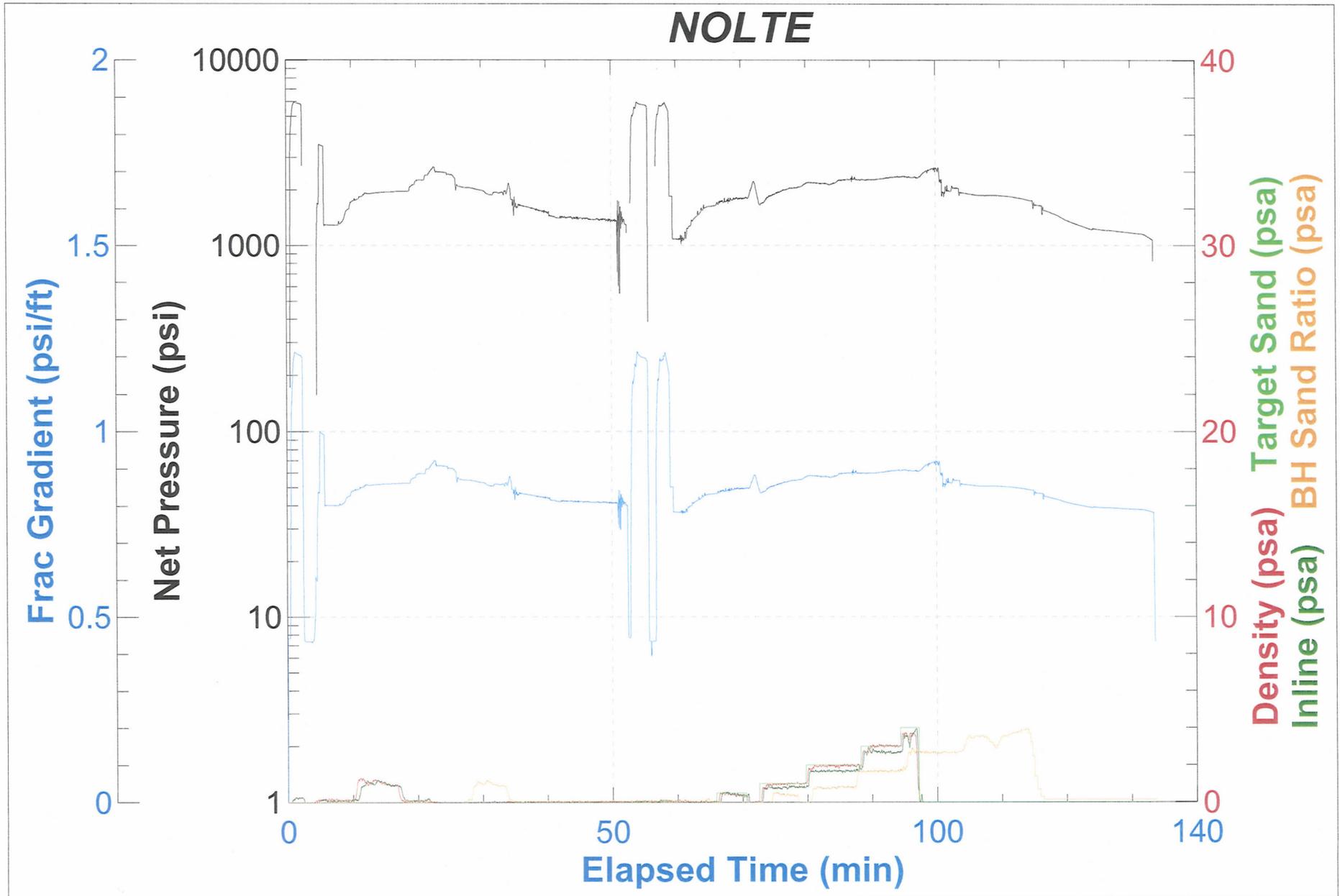
## SECTION VI - TREATMENT GRAPHS





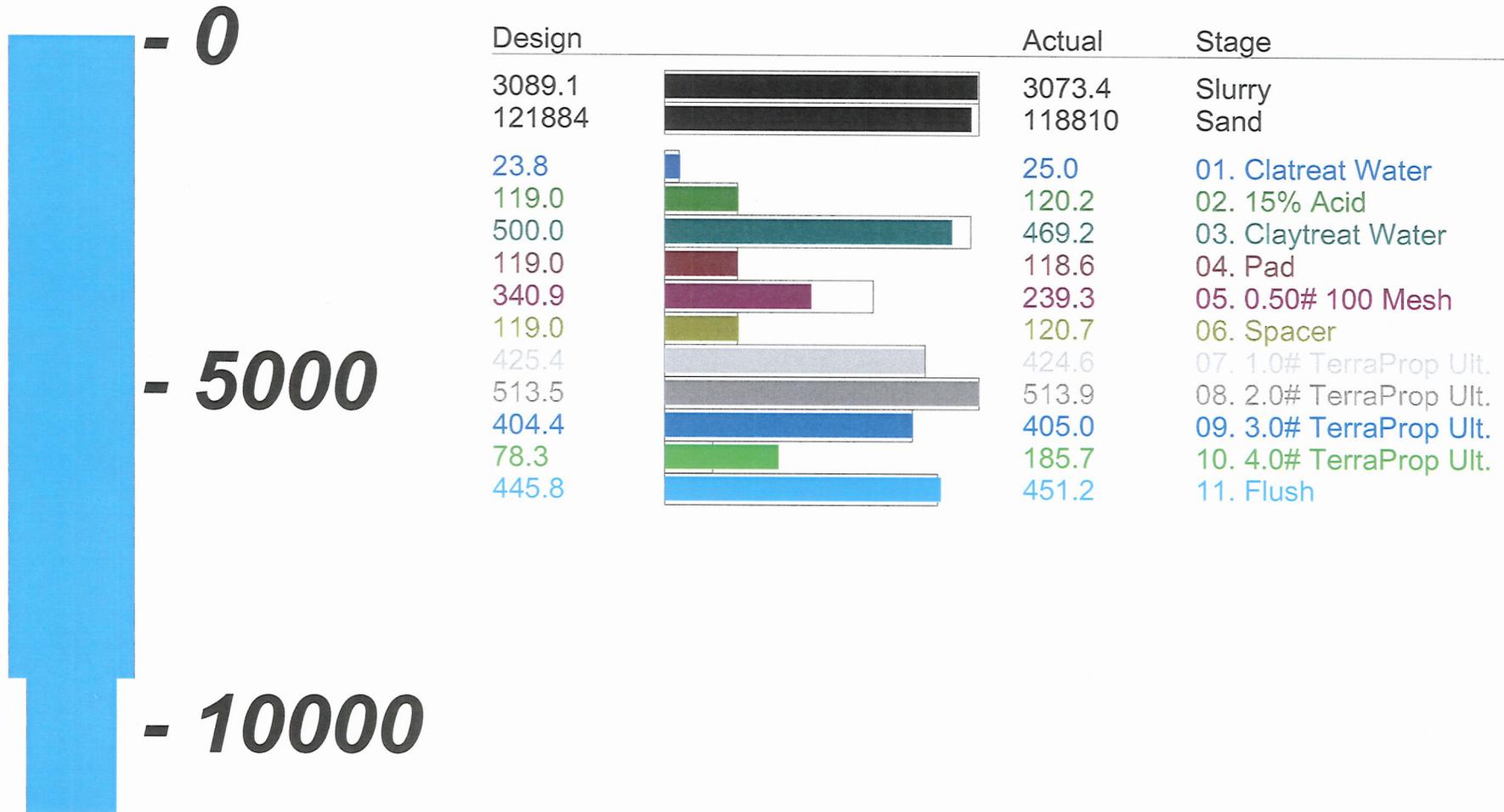








# MD=11315 ft, Slurry/Sand are bbl/lbm



# STIMULATION TREATMENT REPORT



Date 28-DEC-11 District Vernal F.Receipt 1001876775 Customer QUINEX ENERGY CORP  
 Lease ARNOLD #2-4B1E Stg 3 Well Name ARNOLD #2-4B1E Stg 3  
 Field BLUEBELL Location 4-2S-1E  
 County Uintah State Utah Stage No 3 Well API - API 43047515660000

WELL DATA		Well Type:	NEW	Well Class:	OIL	Depth TD/PB:	11760	Formation:	WASATCH		
Geometry Type	Tubular Type	OD	Weight	ID	Grade	Top	Bottom	Perf Intervals			
TUBULAR	CSG	7.625	38	6.655	P-110	0	9630	Top	Bottom	SPF	Diameter
TUBULAR	LNR	5.5	20	4.778	P-110	9630	13000	11315	11318	4	.34
								11511	11517	4	.34
								11669	11678	4	.34
								11698	11700	4	.34

Packer Type NA Packer Depth 0 FT

TREATMENT DATA				LIQUID PUMPED AND CAPACITIES IN BBLs.	
Fluid Type	Fluid Desc	Pumped Volume(Gals)	Prop. Description	Volume Pumped(Lbs)	
TREATMENT FLUID	LIGHTNING 2500 D	59,510	Sand, White, 100 mesh	4,115	Tubing Cap. <u>0</u>
PAD	LIGHTNING 2500 D PAD	19,853	TerraProp Ultra, 20/40 mesh	122,046	Casing Cap. <u>445.9</u>
				Total Prop Qty: <u>126,161</u>	Annular Cap. <u>0</u>
					Open Hole Cap. <u>0</u>
					Fluid to Load <u>607.8</u>
					Pad Volume <u>472.7</u>
					Treating Fluid <u>1416.9</u>
					Flush <u>450.2</u>
					Overflush <u>0</u>
					Fluid to Recover <u>2947.6</u>

Previous Treatment NA Previous Production NA  
 Hole Loaded With Acid Treat Via: Tubing  Casing  Anul.  Tubing & Anul.   
 Ball Sealers: 100 In 1 Stages Type BIOSEALERS MR  
 Auxiliary Materials GW-3LDF, SCALESORB 3, FLO-BACK PRO, GBW-5, BF-7L, CLAYCARE, XLW-30AG, XLW-32, MAG 575, HI PERM CRB

### PROCEDURE SUMMARY

Time AM/PM	Treating Pressure-Psi		Surface Slurry BBLs. Pumped		Slurry Rate BPM	Comments
	STP	Annulus	Stage	Total		
05:00						Safety meeting
05:15						Wireline off well
06:09						Pressure test lines and wellhead to Max PSI of 8836
06:16	4161			1.4	3	Open well/ Start Claywater/ Brk @ 4191
06:21	4675			20	12.9	Start Acid
06:23	4670			24	13	Start Bioballs
06:28	4758			143	17.9	Stg Acid Flush
06:38	4958			466	21	Acid On
06:38	4952			470	21	Bioballs On
06:45	4562			607.8		Shutdown ISIP 4562 F.G. .83
06:50	4388					5 min
06:55	4278					10 min
07:00	4219					15 min
07:22						Break out ball gun/ Re-pressure test lines and wellhead to PSI of 8760
07:30						Fix leaks/ Re-pressure test lines and wellhead to PSI of 8848
07:37	3950			608		Stg Pad
07:43	5115			727	36.3	Stg 0.5 # 100 mesh
07:49	5858			967	59	Stg Spacer
07:49	5663			1054	58.7	Pad On
07:50	5424			1086	59.2	Stg 1 # Terraprop Pro Ultra
07:51	5345			1173	59.1	0.5 # 100 mesh On
07:55	5506			1413	59.3	Spacer On
07:57	5545			1511	59.7	Stg 2 # Terraprop Pro Ultra
07:57	5577			1532	59.8	1 # Terraprop Pro Ultra On
08:04	5507			1957	63.5	2 # Terraprop Pro Ultra On
08:05	5475			2025	65.7	Stg 3 # Terraprop Pro Ultra
08:12	5302			2429	66.6	Stg 4 # Terraprop Pro Ultra
08:12	5262			2471	66.7	3 # Terraprop Pro Ultra On
08:14	5129			2614	65.5	Stg Flush
08:20	4530			2875	21.2	4 # Terraprop Pro Ultra On
08:34	4427			3064.4		Shutdown ISIP 4427 F.G. .82

## Treatment Report-Supplement



Date 28-DEC-11 District Vernal F.Receipt 1001876777 Customer QUINEX ENERGY CORP  
 Lease ARNOLD #2-4B1E Stg 3 Well Name ARNOLD #2-4B1E Stg 3  
 Field BLUEBELL Location VERNAL  
 County Uintah State Utah Stage No 3 Well API - API 43047515660000

TIME AM/PM	Treating Pressure-Psi		Surface Slurry BBLs. Pumped		Slurry Rate BPM	Comments
	STP	Annulus	Stage	Total		
05:00						Safety meeting
05:15						Wireline off well
06:09						Pressure test lines and wellhead to Max PSI of 8836
06:16	4161			1.4	3	Open well/ Start Claywater/ Brk @ 4191
06:21	4675			20	12.9	Start Acid
06:23	4670			24	13	Start Bioballs
06:28	4758			143	17.9	Stg Acid Flush
06:38	4958			466	21	Acid On
06:38	4952			470	21	Bioballs On
06:45	4562			607.8		Shutdown ISIP 4562 F.G. 83
06:50	4388					5 min
06:55	4278					10 min
07:00	4219					15 min
07:22						Break out ball gun/ Re-pressure test lines and wellhead to PSI of 8760
07:30						Fix leaks/ Re-pressure test lines and wellhead to PSI of 8848
07:37	3950			608		Stg Pad
07:43	5115			727	36.3	Stg 0.5 # 100 mesh
07:49	5858			967	59	Stg Spacer
07:49	5663			1054	58.7	Pad On
07:50	5424			1086	59.2	Stg 1 # Terraprop Pro Ultra
07:51	5345			1173	59.1	0.5 # 100 mesh On
07:55	5506			1413	59.3	Spacer On
07:57	5545			1511	59.7	Stg 2 # Terraprop Pro Ultra
07:57	5577			1532	59.8	1 # Terraprop Pro Ultra On
08:04	5507			1957	63.5	2 # Terraprop Pro Ultra On
08:05	5475			2025	65.7	Stg 3 # Terraprop Pro Ultra
08:12	5302			2429	66.6	Stg 4 # Terraprop Pro Ultra
08:12	5262			2471	66.7	3 # Terraprop Pro Ultra On
08:14	5129			2614	65.5	Stg Flush
08:20	4530			2875	21.2	4 # Terraprop Pro Ultra On
08:34	4427			3064.4		Shutdown ISIP 4427 F.G. 82
08:50						Turn well over to flowback, rig down

Treating Pressure		Injection Rates		Shut In Pressures		Customer Rep.			
Minimum	5105	Treating Fluid	62.6	ISDP	4427	Paul Wells			
Maximum	5585	Flush	24.1	5 Min.	4171	BJ Rep.	ANDRES P DURAN		
Average	5450	Average	62.6	10 Min.	4072	Job Number	1001876777		
Operators Max. Pressure 7800				15 Min.	4017	Rec. ID No.	515851891 A		
				Final	4017	In	Min. 15	Distribution	
				Flush Dens. lb./gal.		8.34			



CUSTOMER (COMPANY NAME) QUINEX ENERGY CORP				CREDIT APPROVAL NO.	PURCHASE ORDER NO.	CUSTOMER NUMBER 20072102 - 20072102	INVOICE NUMBER			
MAIL INVOICE TO :		STREET OR BOX NUMBER 465 S 200 W, STE 300			CITY Bountiful	STATE Utah	ZIP CODE 84010			
DATE WORK COMPLETED	MO. 12	DAY 27	YEAR 2011	BHI REPRESENTATIVE ANDRES P DURAN	WELL API NO: 43047515660000	WELL TYPE : New Well				
DISTRICT VERNAL				JOB DEPTH(ft) 12,546		WELL CLASS : Oil				
WELL NAME AND NUMBER ARNOLD #2-4B1E Stg 1				TD WELL DEPTH(ft) 13,000		GAS USED ON JOB : No Gas				
WELL LOCATION :		LEGAL DESCRIPTION 4-2S-1E	COUNTY/PARISH Uintah	STATE Utah	JOB TYPE CODE : Fracture 0 - 9,999 PSI					
PRODUCT CODE	DESCRIPTION				UNIT OF MEASURE	QUANTITY	LIST PRICE UNIT	GROSS AMOUNT	PERCENT DISC.	NET AMOUNT
100091	Ferrotrol 300L				gals	150	42.000	6,300.00	71%	1,827.00
100112	Calcium Chloride				lbs	1800	1.220	2,196.00	71%	636.84
100122	Sand, White, 100 mesh				cwt	184.4	34.000	6,269.60	71%	1,818.18
100175	GBW-5				lbs	100	20.000	2,000.00	71%	580.00
398004	HCl, 10.1 - 15%				gals	15000	5.750	86,250.00	71%	25,012.50
411323	GW-3LDF				gals	1405	115.000	161,575.00	71%	46,856.75
426855	TerraProp Ultra, 20/40 mesh				lbs	312760	3.500	1,094,660.00	75.2%	271,475.68
488007	BF-7L				gals	563	60.000	33,780.00	71%	9,796.20
488157	High Perm CRB				lbs	285	82.000	23,370.00	71%	6,777.30
488220	Cl-27				gals	30	129.000	3,870.00	71%	1,122.30
488252	Magnacide 575				gals	21	620.000	13,020.00	71%	3,775.80
488268	BioSealers MR				ea	400	18.200	7,280.00	71%	2,111.20
488394	ScaleSorb 3, (50# bag)				lbs	750	50.000	37,500.00	71%	10,875.00
488397	Flo-Back Pro				gals	757	210.000	158,970.00	71%	46,101.30
488405	XLW-30AG, tote				gals	199	135.000	26,865.00	71%	7,790.85
499630	XLW-32				gals	35	52.000	1,820.00	71%	527.80
499702	ClayCare, tote				gals	394	140.000	55,160.00	71%	15,996.40
ARRIVE LOCATION :	MO.	DAY	YEAR	TIME	SERVICE ORDER: I AUTHORIZE WORK TO BEGIN PER SERVICE INSTRUCTIONS IN ACCORDANCE WITH THE TERMS AND CONDITIONS PRINTED ON THE LAST PAGE OF THIS FORM AND REPRESENT THAT I HAVE AUTHORITY TO ACCEPT AND SIGN THIS ORDER.			SERVICE RECEIPT: I CERTIFY THAT THE MATERIALS AND SERVICES LISTED WERE RECEIVED AND ALL SERVICES PERFORMED IN A WORKMANLIKE MANNER.		
CUSTOMER REP. Paul Wells					CUSTOMER AUTHORIZED AGENT			BHI APPROVED		
SEE LAST PAGE FOR GENERAL TERMS AND CONDITIONS										
CUSTOMER AUTHORIZED AGENT					X			X		



CUSTOMER (COMPANY NAME) QUINEX ENERGY CORP				CREDIT APPROVAL NO.	PURCHASE ORDER NO.	CUSTOMER NUMBER 20072102 - 20072102	INVOICE NUMBER			
MAIL INVOICE TO : STREET OR BOX NUMBER 465 S 200 W, STE 300				CITY Bountiful		STATE Utah	ZIP CODE 84010			
DATE WORK COMPLETED	MO. 12	DAY 27	YEAR 2011	BHI REPRESENTATIVE ANDRES P DURAN	WELL API NO: 43047515660000	WELL TYPE : New Well				
DISTRICT VERNAL				JOB DEPTH(ft) 12,546		WELL CLASS : Oil				
WELL NAME AND NUMBER ARNOLD #2-4B1E Stg 1				TD WELL DEPTH(ft) 13,000		GAS USED ON JOB : No Gas				
WELL LOCATION :		LEGAL DESCRIPTION 4-2S-1E		COUNTY/PARISH Uintah	STATE Utah	JOB TYPE CODE : Fracture 0 - 9,999 PSI				
PRODUCT CODE	DESCRIPTION				UNIT OF MEASURE	QUANTITY	LIST PRICE UNIT	GROSS AMOUNT	PERCENT DISC.	NET AMOUNT
	SUB-TOTAL FOR Product Material							1,720,885.60	73.67%	453,081.10
A153	Pers Per Diem Chrg - Frac >5000 HHP				ea	1	2,415.000	2,415.00	0%	2,415.00
F306C	Comp. Sand Proportioning, 51-60 bpm				2hrs	3	12,750.000	38,250.00	71%	11,092.50
J211C	Comp. Sand Proportioning, Non-Operating				hrs	2.5	5,475.000	13,687.50	71%	3,969.38
	SUB-TOTAL FOR Service Charges							54,352.50	67.85%	17,476.88
ARRIVE LOCATION :	MO.	DAY	YEAR	TIME	SERVICE ORDER: I AUTHORIZE WORK TO BEGIN PER SERVICE INSTRUCTIONS IN ACCORDANCE WITH THE TERMS AND CONDITIONS PRINTED ON THE LAST PAGE OF THIS FORM AND REPRESENT THAT I HAVE AUTHORITY TO ACCEPT AND SIGN THIS ORDER.			SERVICE RECEIPT: I CERTIFY THAT THE MATERIALS AND SERVICES LISTED WERE RECEIVED AND ALL SERVICES PERFORMED IN A WORKMANLIKE MANNER.		
CUSTOMER REP. Paul Wells					CUSTOMER AUTHORIZED AGENT <b>X</b>			CUSTOMER AUTHORIZED AGENT		
SEE LAST PAGE FOR GENERAL TERMS AND CONDITIONS								CUSTOMER AUTHORIZED AGENT <b>X</b>		



CUSTOMER (COMPANY NAME) QUINEX ENERGY CORP				CREDIT APPROVAL NO.	PURCHASE ORDER NO.	CUSTOMER NUMBER 20072102 - 20072102	INVOICE NUMBER		
MAIL INVOICE TO :		STREET OR BOX NUMBER 465 S 200 W, STE 300			CITY Bountiful	STATE Utah	ZIP CODE 84010		
DATE WORK COMPLETED	MO.	DAY	YEAR	BHI REPRESENTATIVE ANDRES P DURAN	WELL API NO: 43047515660000	WELL TYPE : New Well			
DISTRICT VERNAL				JOB DEPTH(ft) 12,546	WELL CLASS : Oil				
WELL NAME AND NUMBER ARNOLD #2-4B1E Stg 1				TD WELL DEPTH(ft) 13,000	GAS USED ON JOB : No Gas				
WELL LOCATION :		LEGAL DESCRIPTION 4-2S-1E	COUNTY/PARISH Uintah	STATE Utah	JOB TYPE CODE : Fracture 0 - 9,999 PSI				
PRODUCT CODE	DESCRIPTION			UNIT OF MEASURE	QUANTITY	LIST PRICE UNIT	GROSS AMOUNT	PERCENT DISC.	NET AMOUNT
F203A	Frac HHP, 6001- 7000 psi			2hrs	8487	18.000	152,766.00	71%	44,302.14
F222A	Frac HHP, 5001- 6000 psi			hrs	13676	6.350	86,842.60	71%	25,184.35
F250	Fuel per pump charge - frac			pump/hr	18	124.250	2,236.50	0%	2,236.50
F251	Fuel per pump charge - frac - blender			pump/hr	3	62.250	186.75	0%	186.75
J055	Chemical Additive Unit			job	1	2,140.000	2,140.00	71%	620.60
J121A	Frac HHP, Non Pump Time			hrs	20728	1.460	30,262.88	71%	8,776.24
J180	Continuous Mix Liquid Gel Processing			job	1	9,250.000	9,250.00	71%	2,682.50
J229	Data Acquisition, Frac/Acid-Enhanced			job	1	7,875.000	7,875.00	71%	2,283.75
J301	Gel Monitoring			day	1	1,290.000	1,290.00	71%	374.10
J310	Sand King, less than 300,000 lb			day	1	2,370.000	2,370.00	71%	687.30
J321	Densimeter			job	1	1,635.000	1,635.00	71%	474.15
J347	4 or 4-1/2 in Frac Valve			job	2	1,400.000	2,800.00	71%	812.00
J390	Mileage, Heavy Vehicle			miles	450	9.100	4,095.00	71%	1,187.55
J391	Mileage, Auto, Pick-Up or Treating Van			miles	240	5.150	1,236.00	71%	358.44
J459A	Proppant Conc Charge/0.1-1.0 lbs			gals	77356	0.170	13,150.52	71%	3,813.65
J460A	Proppant Conc Charge/1.1-4.0 lbs			gals	116945	0.190	22,219.55	71%	6,443.67
J500	Sand King, more than 300,000 lb			day	1	3,425.000	3,425.00	71%	993.25
ARRIVE LOCATION :	MO.	DAY	YEAR	TIME	SERVICE ORDER: I AUTHORIZE WORK TO BEGIN PER SERVICE INSTRUCTIONS IN ACCORDANCE WITH THE TERMS AND CONDITIONS PRINTED ON THE LAST PAGE OF THIS FORM AND REPRESENT THAT I HAVE AUTHORITY TO ACCEPT AND SIGN THIS ORDER.		SERVICE RECEIPT: I CERTIFY THAT THE MATERIALS AND SERVICES LISTED WERE RECEIVED AND ALL SERVICES PERFORMED IN A WORKMANLIKE MANNER.		
CUSTOMER REP. Paul Wells					CUSTOMER AUTHORIZED AGENT		<input checked="" type="checkbox"/> CUSTOMER AUTHORIZED AGENT		
SEE LAST PAGE FOR GENERAL TERMS AND CONDITIONS							CUSTOMER AUTHORIZED AGENT		<input checked="" type="checkbox"/> BHI APPROVED



CUSTOMER (COMPANY NAME) QUINEX ENERGY CORP				CREDIT APPROVAL NO.	PURCHASE ORDER NO.	CUSTOMER NUMBER 20072102 - 20072102	INVOICE NUMBER			
MAIL INVOICE TO :				STREET OR BOX NUMBER 465 S 200 W, STE 300		CITY Bountiful	STATE Utah	ZIP CODE 84010		
DATE WORK COMPLETED	MO. 12	DAY 27	YEAR 2011	BHI REPRESENTATIVE ANDRES P DURAN	WELL API NO: 43047515660000	WELL TYPE : New Well				
DISTRICT VERNAL				JOB DEPTH(ft) 12,546		WELL CLASS : Oil				
WELL NAME AND NUMBER ARNOLD #2-4B1E Stg 1				TD WELL DEPTH(ft) 13,000		GAS USED ON JOB : No Gas				
WELL LOCATION :		LEGAL DESCRIPTION 4-2S-1E		COUNTY/PARISH Uintah	STATE Utah	JOB TYPE CODE : Fracture 0 - 9,999 PSI				
PRODUCT CODE	DESCRIPTION				UNIT OF MEASURE	QUANTITY	LIST PRICE UNIT	GROSS AMOUNT	PERCENT DISC.	NET AMOUNT
J503	Positive Feed Ball Injector				use	1	1,220.000	1,220.00	71%	353.80
	SUB-TOTAL FOR Equipment							345,000.80	70.50%	101,770.74
J340	Bulk Delivery, Trans., Over 3000 gals				hrs	2	202.500	405.00	71%	117.45
J401	Bulk Delivery, Dry Products				ton-mi	4969	3.030	15,056.07	71%	4,366.26
	SUB-TOTAL FOR Freight/Delivery Charges							15,461.07	71.00%	4,483.71
	FIELD ESTIMATE							2,135,699.97	72.99%	576,812.43
ARRIVE LOCATION :	MO.	DAY	YEAR	TIME	SERVICE ORDER: I AUTHORIZE WORK TO BEGIN PER SERVICE INSTRUCTIONS IN ACCORDANCE WITH THE TERMS AND CONDITIONS PRINTED ON THE LAST PAGE OF THIS FORM AND REPRESENT THAT I HAVE AUTHORITY TO ACCEPT AND SIGN THIS ORDER.			SERVICE RECEIPT: I CERTIFY THAT THE MATERIALS AND SERVICES LISTED WERE RECEIVED AND ALL SERVICES PERFORMED IN A WORKMANLIKE MANNER.		
CUSTOMER REP. Paul Wells					CUSTOMER AUTHORIZED AGENT			BHI APPROVED		
SEE LAST PAGE FOR GENERAL TERMS AND CONDITIONS										

**BJ Services**  
**CONDITIONS OF CONTRACT**  
Effective 08/19/96

CUSTOMER AND BJ SERVICES AGREE THAT THE SERVICES DESCRIBED ON THE FACE OF THIS SERVICE ORDER AND FIELD RECEIPT ARE TO BE PERFORMED SUBJECT TO AND IN CONSIDERATION OF THE FOLLOWING TERMS AND CONDITIONS:

1. **CUSTOMER.** For the purpose of this contract, the term Customer shall include agents, subsidiaries, joint venturers and partners of customers.
2. **WELL CONDITION.** Customer warrants that the well described on the face of this service order and field receipt is in proper condition to receive the products, supplies, materials, and services described herein.
3. **INDEPENDENT CONTRACTOR.** BJ Services is and shall be an independent contractor with respect to the performance of this contract and neither BJ Services nor anyone employed by BJ Services shall be the agent, representative, employee or servant of Customer in the performance of this contract or any part hereof.
4. **PRICE.** Customer agrees to pay BJ Services for the products, supplies, materials, and services described herein in accordance with BJ Services' current price list. In the event that BJ Services has agreed to charge Customer other than as set forth in such price list, the charges agreed upon by Customer and BJ Services shall be those set forth on the face of this service order and field receipt and the agreement of Customer thereto shall be conclusively established by its execution of the receipt set forth on the face of this service order and field receipt.
5. **TERMS.** Cash in advance unless BJ Services has approved credit prior to the sale. Credit terms for approved accounts are total invoice amount due on or before the 30th day from the date of the invoice at the address set forth therein. Past due accounts shall pay interest on the balance due at the rate of 1 1/2% per month or the maximum allowable under applicable state law if such law limits interest to a lesser amount. In the event it is necessary to employ a third party to effect collection of said account, Customer agrees to pay all fees of such third party directly or indirectly incurred for such collection.
6. **TAXES.** Customer agrees to pay all taxes based on or measured by the charges set forth on the face of this service order and field receipt.
7. **AMENDMENTS AND MODIFICATIONS.** No field employee of BJ Services shall be empowered to alter the terms and conditions of this contract and BJ Services shall not be bound by any changes or modifications in this contract unless made in writing by a duly authorized executive officer of BJ Services. By requesting the goods and services set forth herein, Customer agrees to all the terms and conditions contained on both sides of this service order and field receipt, which constitutes the entire agreement between the parties, unless Customer and BJ Services have entered into a master service agreement or master work contract applicable to the services performed and products, supplies and materials furnished by BJ Services hereunder, in which event any term or provision of this service order and field receipt in conflict with the provisions thereof shall be deemed invalid to such extent. Subject only to the preceding sentence BJ Services hereby objects to any term of any purchase order, delivery ticket or receipt or other document that varies from or conflicts with the terms of this contract.
8. **SEVERABILITY.** It is understood and agreed by Customer and BJ Services that any term or provision of this contract prohibited by law shall be deemed invalid to the extent of such prohibition and shall be modified to the extent necessary to conform to such rule of law. Any term or provision of this contract not deemed invalid and modified pursuant to the preceding sentence shall remain in full force and effect without regard to such invalidity and modification.
9. **LIMITED WARRANTY.** BJ SERVICES WARRANTS ONLY TITLE TO PRODUCTS, SUPPLIES AND MATERIALS FURNISHED PURSUANT TO THIS CONTRACT AND THAT THE SAME WILL CONFORM TO THE DESCRIPTION SPECIFIED HEREIN AND ARE FREE FROM DEFECTS IN WORKMANSHIP AND MATERIALS. THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED OF MERCHANTABILITY, FITNESS OR OTHERWISE WHICH EXTEND BEYOND THOSE STATED IN THE IMMEDIATELY PRECEDING SENTENCE. BJ SERVICES' LIABILITY AND CUSTOMERS EXCLUSIVE REMEDY IN ANY CAUSE OF ACTION (WHETHER IN CONTRACT, TORT, BREACH OR WARRANTY OR OTHERWISE) ARISING OUT OF THE SALE OR USE OF ANY PRODUCTS, SUPPLIES OR MATERIALS IS EXPRESSLY LIMITED TO THE REPLACEMENT OF SUCH PRODUCTS, SUPPLIES OR MATERIALS OR, AT BJ SERVICES' OPTION, TO THE ALLOWANCE TO THE CUSTOMER OF CREDIT FOR THE COST OF SUCH ITEMS. BJ SERVICES MAKES NO WARRANTIES FOR ANY EQUIPMENT, MATERIALS OR PRODUCTS MANUFACTURED BY THIRD PARTIES, BUT WILL PASS ON TO CUSTOMER ALL WARRANTIES OF THE MANUFACTURERS OF SUCH EQUIPMENT, MATERIALS OR PRODUCTS. BJ SERVICES IS UNABLE TO, AND DOES NOT, GUARANTEE THE ACCURACY OF ANY JOB RECOMMENDATION, RESEARCH ANALYSIS, DATA INTERPRETATION, OR OTHER INFORMATION FURNISHED TO CUSTOMER BY BJ SERVICES IN VIEW OF THE UNCERTAINTY OF WELL CONDITIONS AND THE RELIANCE BY BJ SERVICES AND CUSTOMER UPON INFORMATION AND SERVICES FURNISHED BY THIRD PARTIES. THEREFORE, NO WARRANTY EXPRESS OR IMPLIED IS GIVEN CONCERNING THE EFFECTIVENESS OF THE PRODUCTS, SUPPLIES OR MATERIALS USED, RECOMMENDATIONS GIVEN, OR SERVICES PERFORMED BY BJ SERVICES. CUSTOMER AGREES THAT BJ SERVICES SHALL NOT BE RESPONSIBLE FOR ANY DAMAGES ARISING FROM THE USE OF DATA FURNISHED BY BJ SERVICES. CUSTOMER ACCEPTS FULL RESPONSIBILITY FOR RETURNING THE WELL DESCRIBED ON THE FACE OF THIS SERVICE ORDER AND FIELD RECEIPT TO PRODUCTION. BJ SERVICES DOES NOT GUARANTEE THE EFFECTIVENESS OF THE PRODUCTS, SUPPLIES OR MATERIALS FURNISHED PURSUANT TO THIS CONTRACT NOR THE RESULTS OF ANY TREATMENT OR SERVICE IT PERFORMS HEREUNDER.
10. **FORCE MAJEURE.** Any delays or failure by BJ Services in the performance of this contract shall be excused if and to the extent caused by war, fire, flood, strike or other labor trouble, accident, riot, acts of God, or any other cause beyond the reasonable control of BJ Services.
11. **CHEMICAL DISPOSAL.** Customer agrees that all chemicals used in performance of this contract which are not removed from the location of the well by BJ Services shall be disposed of by Customer in accordance with all applicable federal, state and local laws and regulations.

**12. LIABILITY AND INDEMNITY OBLIGATIONS.**

(A) BJ SERVICES SHALL PROTECT, DEFEND, INDEMNIFY, HOLD HARMLESS AND RELEASE CUSTOMER, ITS PARENT, SUBSIDIARY AND AFFILIATED COMPANIES AND ITS AND THEIR OFFICERS, DIRECTORS AND EMPLOYEES ("CUSTOMER GROUP") FROM AND AGAINST ALL CLAIMS, DEMANDS, LOSSES, LIABILITIES, PENALTIES, COSTS, EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER (COLLECTIVELY, "CLAIMS") ARISING IN FAVOR OF (I) BJ SERVICES' EMPLOYEES OR THE EMPLOYEES OF BJ SERVICES' SUBCONTRACTORS ON ACCOUNT OF BODILY INJURY, DEATH OR DAMAGE TO PROPERTY OR (II) BJ SERVICES ON ACCOUNT OF DAMAGE TO BJ SERVICES' PROPERTY, EXCEPT AS OTHERWISE PROVIDED BELOW, INCLUDING, IN EACH CASE, CLAIMS CAUSED BY THE SOLE, JOINT AND/OR COMPARATIVE NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT OF CUSTOMER GROUP.

(B) CUSTOMER SHALL PROTECT, DEFEND, INDEMNIFY, AND HOLD HARMLESS AND RELEASE BJ SERVICES, ITS PARENT, SUBSIDIARY AND AFFILIATED COMPANIES AND ITS AND THEIR OFFICERS, DIRECTORS AND EMPLOYEES ("BJ SERVICES GROUP") FROM AND AGAINST ALL CLAIMS ARISING IN FAVOR OF (I) CUSTOMER'S EMPLOYEES OR THE EMPLOYEES OF CUSTOMER'S OTHER CONTRACTORS OR THEIR SUBCONTRACTORS ON ACCOUNT OF BODILY INJURY, DEATH OR DAMAGE TO PROPERTY, OR (II) CUSTOMER ON ACCOUNT OF LOSS OR DAMAGE TO CUSTOMER'S PROPERTY, EXCEPT AS OTHERWISE PROVIDED BELOW, INCLUDING, IN EACH CASE, CLAIMS CAUSED BY THE SOLE, JOINT AND/OR COMPARATIVE NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT OF BJ SERVICES GROUP.

(C) CUSTOMER SHALL PROTECT, DEFEND, INDEMNIFY, HOLD HARMLESS AND RELEASE BJ SERVICES GROUP FROM AND AGAINST ANY CLAIMS FOR POLLUTION OR CONTAMINATION, INCLUDING THE CLEANUP OR REMOVAL THEREOF ARISING OUT OF OR CONNECTED WITH THE PERFORMANCE BY BJ SERVICES OF SERVICES FOR THE CUSTOMER (AND NOT ASSUMED BY BJ SERVICES IN THE FOLLOWING SENTENCE) INCLUDING BUT NOT LIMITED TO CLAIMS THAT MAY RESULT FROM WELL FIRE, BLOWOUT, CRATERING, SEEPAGE OR ANY OTHER UNCONTROLLABLE FLOW OF OIL, GAS, WATER OR OTHER SUBSTANCES, INCLUDING CLAIMS CAUSED BY THE SOLE, JOINT AND/OR COMPARATIVE NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT OF BJ SERVICES GROUP. BJ SERVICES SHALL PROTECT, DEFEND, INDEMNIFY, HOLD HARMLESS CUSTOMER GROUP FROM AND AGAINST ANY CLAIMS FOR POLLUTION OR CONTAMINATION, INCLUDING THE REMOVAL THEREOF, ORIGINATING ABOVE THE SURFACE OF THE EARTH FROM SPILLS, LEAKS OR DISCHARGES OF FUELS, LUBRICANTS, MOTOR OILS, PIPE DOPE, PAINT, SOLVENTS, SLUDGE OR GARBAGE IN THE POSSESSION AND CONTROL OF BJ SERVICES AND ASSOCIATED WITH CONTRACTORS' EQUIPMENT AND FACILITIES, EXCEPTING ANY POLLUTION IN RESERVE PITS FROM FLOWBACK INCIDENT TO B.J. SERVICES' OPERATIONS.

(D) CUSTOMER SHALL PROTECT, DEFEND, INDEMNIFY, HOLD HARMLESS AND RELEASE BJ SERVICES GROUP FROM AND AGAINST ANY AND ALL CLAIMS ARISING IN FAVOR OF CUSTOMER OR ANY THIRD PARTY INCLUDING, BUT NOT LIMITED TO, ANY GOVERNMENTAL ENTITY OR PARTY FOR WHOM CUSTOMER IS ACTING (INCLUDING CUSTOMER'S CO-WORKING INTEREST OWNERS) FOR ALL DAMAGES OR LOSSES RESULTING FROM PRODUCTS, SERVICES OR EQUIPMENT PROVIDED BY BJ SERVICES ON ACCOUNT OF (I) LOSS OF THE HOLE, (II) DAMAGE OR INJURY TO ANY DOWNHOLE PROPERTY OR ANY PROPERTY RIGHT IN OR TO OIL, GAS OR OTHER SUBSTANCES OR WATER (III) LOSS OR DAMAGE TO, OR CONTAMINATION OF, ANY FORMATIONS, STRATA OR RESERVOIRS BENEATH THE EARTH'S SURFACE, (IV) SUBSURFACE TRESPASS OR (V) ANY OTHER SIMILAR LOSSES OR DAMAGES, AND WITHOUT REGARD TO THE NEGLIGENCE OF ANY PARTY OR PARTIES, INCLUDING, IN EACH CASE, CLAIMS CAUSED BY THE SOLE JOINT AND/OR COMPARATIVE NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT OF BJ SERVICES GROUP.

(E) CUSTOMER WILL ASSUME LIABILITY FOR BJ SERVICES' EQUIPMENT WHICH MAY BE LOST OR DAMAGED IN THE HOLE, REGARDLESS OF ANY NEGLIGENCE OF ANY PARTY, AND WILL AT ITS OWN EXPENSE AND RISK ATTEMPT TO RECOVER SUCH EQUIPMENT. THE VALUE OF ANY UNRECOVERABLE, LOST OR DAMAGED EQUIPMENT SHALL BE REIMBURSED BY CUSTOMER AT THE FAIR MARKET VALUE ON THE DATE OF LOSS OF SUCH EQUIPMENT, BUT IN NO EVENT AT A VALUE LESS THAN 50% OF THE THEN CURRENT REPLACEMENT COST.

(F) BJ SERVICES AND CUSTOMER AGREE TO SUPPORT THEIR INDEMNITY OBLIGATIONS HEREIN BY FURNISHING LIABILITY INSURANCE COVERAGE OR QUALIFIED SELF INSURANCE IN AN AMOUNT OF NO LESS THAN \$2,000,000. HOWEVER BJ SERVICES AND CUSTOMER AGREE AND INTEND THAT, TO THE FULLEST EXTENT ALLOWED FROM TIME TO TIME BY APPLICABLE LAW, THEIR RESPECTIVE INDEMNITIES UNDER THESE TERMS AND CONDITIONS ARE TO APPLY WITHOUT LIMIT, AND ARE NOT TO BE LIMITED TO THE AMOUNT OF INSURANCE EITHER OF THEM MAY FROM TIME TO TIME MAINTAIN OR AGREE TO MAINTAIN. IF IT SHOULD BE DETERMINED THAT THE INDEMNITY OBLIGATIONS ASSUMED HEREUNDER THAT ARE TO BE SUPPORTED EITHER BY INSURANCE OR SELF INSURANCE EXCEEDS THAT WHICH IS PERMITTED UNDER APPLICABLE LAW, THEN SUCH INDEMNITIES SHALL AUTOMATICALLY BE AMENDED TO CONFORM TO THE MONETARY LIMITS PERMITTED UNDER SUCH LAW.

13. **CONFIDENTIAL INFORMATION.** Customer and BJ Services will use their best efforts to maintain the confidentiality of all records and proprietary information obtained by either party in the performance of any services by BJ Services. Such information will not be disclosed by either party to its employees unless it is necessary in order to perform or evaluate such services, or to any third parties without the prior consent of the other party.
14. **WAIVER.** (A) Neither BJ Services nor Customer will be liable to the other for special, incidental, indirect or consequential damages resulting from or arising out of the products or equipment provided or the services performed by BJ Services hereunder, including but not limited to, loss of profit or revenue or business interruption losses, whether or not arising under an alleged breach of warranty or caused by the sole, joint and/or comparative negligence, strict liability or other fault of either party. (B) Customer represents that it is a business consumer purchasing products and services from BJ Services for commercial use, that it has experience in business matters that enable it to evaluate the merits and risks of the purchase of such products and services, and that it is not in a significantly disparate bargaining position. Customer waives the provisions of the Texas Deceptive Trade Practices Act (other than section 17), as from time to time amended.
15. **GOVERNING LAW.** This contract shall be governed by the law of the State of Texas.



Proposal No: 515855189A  
Field Receipt No: 1001876775

**Quinex Energy Corp.**  
**Arnold #2-4B1E**  
**Stage 2**

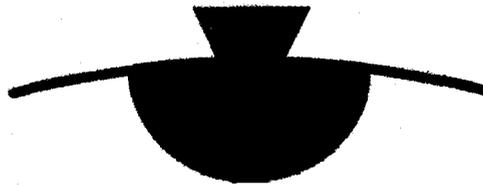
API #: 43-047-51566-0000  
Bluebell Field  
Sec 4-T 2 S-R 1 E  
Uintah County, Utah  
December 28, 2011

## Post Treatment Report

**Prepared for:**  
Paul Wells  
Quinex Energy Corp.

**Prepared by:**  
Nathan Carter

Vernal, UT  
Business Phone: 435-781-2294  
Fax: 435-789-4530



# POWERVISION™

**Service Point:**  
Vernal, UT  
Bus Phone: 435-781-2294  
Fax: 435-789-4530

**Service Supervisor:**  
Andy Duran

Operator Name: Quinex Energy Corp.  
Well Name: Arnold #2-4B1E Stg. 2  
Job Description: Lightning 2500D  
Date: December 28, 2011



Proposal No: 515855189A  
Field Receipt No: 1001876775

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2160S 1500E  
Vernal, UT 84078  
435-781-2294

December 28, 2011

Paul Wells  
Quinex Energy Corp.

Re:  
Post Treatment Report  
Arnold #2-4B1E Stg. 2  
Wasatch Formation

Dear Mr. Wells,

This post treatment summary contains information that was gathered through BJ Service Co.'s real time data acquisition system. The stimulation treatment on the above referenced well was performed by our Vernal district on December 28, 2011. The information presented consists of the Well Data, Material Utilization, Treatment Schedule, Fracture Parameters, Quality Control and Treatment Graphs.

Thank you for the opportunity to perform this treatment. If you have any questions or comments, please call me at 435-781-2294.

Sincerely,

Nathan Carter  
BJ Services Co.

Operator Name: Quinex Energy Corp.  
Well Name: Arnold #2-4B1E Stg. 2  
Job Description: Lightning 2500D  
Date: December 28, 2011



Proposal No: 515855189A  
Field Receipt No: 1001876775

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## **TABLE OF CONTENTS**

Section I	Well Data
Section II	Material Utilization
Section III	Treatment Schedule
Section IV	Fracture Parameters
Section V	Quality Control
Section VI	Treatment Graphs

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 2  
 Job Description: Lightning 2500D  
 Date: December 28, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**SECTION I - WELL DATA**

**RESERVOIR DATA**

Formation: Wasatch  
 Formation Type: Sandstone  
 Depth to Middle Perforation: 12145 ft  
 Fracture Gradient: 0.824 psi/ft  
 Bottom Hole Fracture Pressure: 10005 psi  
 Bottom Hole Static Temperature: 208 ° F

**PERFORATED INTERVAL**

DEPTH (ft)		Shots Per Foot	Perf Diameter (in)	Total Perfs
MEASURED	TRUE VERTICAL			
11,948 - 11,954	11,948 - 11,954	4	0.34	24
12,150 - 12,156	12,150 - 12,156	4	0.34	24
12,162 - 12,166	12,162 - 12,166	4	0.34	16
12,240 - 12,242	12,240 - 12,242	4	0.34	8
12,330 - 12,332	12,330 - 12,332	4	0.34	8
12,338 - 12,342	12,338 - 12,342	4	0.34	16

Total Number of Perforations: 96  
 Total Feet Perforated: 24 ft

**TUBULARS**

Pump Via Casing

**TUBULAR GEOMETRY**

						<u>Top</u>	<u>Bottom</u>
Casing	7	5/8	O.D." (6.625" I.D.)	39 #		0	9350
Casing	5	1/2	O.D." (4.778" I.D.)	20 #		9350	13000

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 2  
 Job Description: Lightning 2500D  
 Date: December 28, 2011



Proposal No: 515855189A  
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**SECTION II - MATERIAL UTILIZATION**

**VOLUMES**

Label	Clean Volumes		Unit
	Proposed	Actual	
Pad	5,000	4,990	gals
Treating Fluid	81,417	84,093	gals
Flush	19,500	19,463	gals
Other	27,000	28,757	gals
Load To Recover		137,303	gals
		3,269	bbls

**PROPPANT**

Size & Type	Proposed	Actual	Unit
White, 100m	8,000	6,992	lbs.
Terra Prop Pro	125,001	125,871	lbs.
Total Proppant	133,001	132,863	lbs

**ADDITIVES**

Product Name	Proposed	Actual	Unit
GW-3LDF	605	580	Gal.
BF-7L	223	218	Gal.
XLW-30AG	71	74	Gal.
XLW-32	18	18	Gal.
Claycare	137	148	Gal.
Flo-Back	275	268	Gal.
HP CRB	115	100	Lb.
GBW-5	39	40	Lb.
Scalesorb 3	261	250	Lb.

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 2  
 Job Description: Lightning 2500D  
 Date: December 28, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**SECTION III - TREATMENT SCHEDULE**

**PROCEDURE**

Stage	Fluid		Prop Conc.		Clean Volume		
	Type	Stage Label	Prop.	Act.	Proposed	Actual	Units
1	Claytreat Water	Claytreat Water	0	0	1,000	2,188	gals
2	Acid	15% HCl	0	0	5,000	6,422	gals
3	Prepad	Claytreat Water	0	0	21,000	20,147	gals
4	Pad	Pad	0	0	5,000	4,990	gals
5	Lightning 2500D	100 Mesh Sand	0.5	0.5	16,000	16,071	gals
6	Lightning 2500D	Spacer	0	0	5,000	4,927	gals
7	Lightning 2500D	1# Sand	1	1	18,750	18,784	gals
8	Lightning 2500D	2# Sand	2	2	21,875	21,862	gals
9	Lightning 2500D	3# Sand	3	3	16,667	16,691	gals
10	Lightning 2500D	4# Sand	4	4	3,125	5,759	gals
11	Slickwater	Flush	0	0	19,500	19,463	gals

**COMMENTS**



Operator Name: Quinex Energy Corp.  
Well Name: Arnold #2-4B1E Stg. 2  
Job Description: Lightning 2500D  
Date: December 28, 2011



Proposal No: 515855189A  
Field Receipt No: 1001876775

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**SECTION V - QUALITY CONTROL**

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 2  
 Job Description: Lightning 2500D  
 Date: December 28, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**WATER ANALYSIS**

Date Sampled: 12/6/11

Source: Tank

Tank:	1	2	3	4	5	6	7	8	9	10
Clarity, color, odor	Clear									
Temperature, (°F)	91.0	50.0	51.0	50.0	50.0	49.0	50.0	61.0	69.0	62.0
pH	8.00	8.20	7.80	7.90	8.00	8.00	8.00	8.00	8.10	8.30
Specific Gravity	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Iron (mg/L)	1.6	1.6	1.6	1.6	1.6	1.6	1.2	1.2	1.2	1.6
Sulfates (mg/L)	400	400	400	200	400	400	400	200	400	400
Chlorides (mg/L)	222	222	195	195	195	195	160	248	5587	222
Bicarbonates (mg/L)	73	73	98	98	98	98	85	85	85	73
Hardness (mg/L)	222	222	171	171	171	171	205	205	205	222

Tank:	11	12	13	14	15	16	17	18	19	20
Clarity, color, odor	Clear									
Temperature, (°F)	52.0	83.0	44.0	46.0	81.0	87.0	82.0	83.0	90.0	127.0
pH	7.90	7.90	7.70	7.90	8.20	7.90	6.70	7.20	8.20	7.80
Specific Gravity	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Iron (mg/L)	1.2	0.4	0.4	0.4	1.6	0.4	1.2	1.2	1.2	1.2
Sulfates (mg/L)	400	200	200	200	400	400	400	200	400	400
Chlorides (mg/L)	177	177	177	177	532	177	222	222	222	222
Bicarbonates (mg/L)	85	110	110	110	31	110	146	146	146	146
Hardness (mg/L)	205	257	257	257	222	257	325	325	325	325

Operator Name: Quinex Energy Corp.  
Well Name: Arnold #2-4B1E Stg. 2  
Job Description: Lightning 2500D  
Date: December 28, 2011



Proposal No: 515855189A  
Field Receipt No: 1001876775

**WATER ANALYSIS**

Date Sampled: 12/6/11

Source: Tank

Tank:	21	22	23	24	25	26	27	28	29	30
Clarity, color, odor	tan	tan								
Temperature, (°F)	127.0	109.0								
pH	7.30	7.70								
Specific Gravity	0.996	0.996								
Iron (mg/L)	5.0	9.0								
Sulfates (mg/L)	400	400								
Chlorides (mg/L)	355	355								
Bicarbonates (mg/L)	244	244								
Hardness (mg/L)	684	684								



Rocky Mountain Region  
Laboratory

For  
Quinex Energy Corp.

Arnold  
#2-4B1E

Uintah County

Utah

Wasatch Formation

### Fluid System

#### Lightning 25

Containing:

6.25 gpt GW-3LDF

0.8 gpt XLW-30AG

2.5 gpt BF-7L

1.0 gpt ClayCare

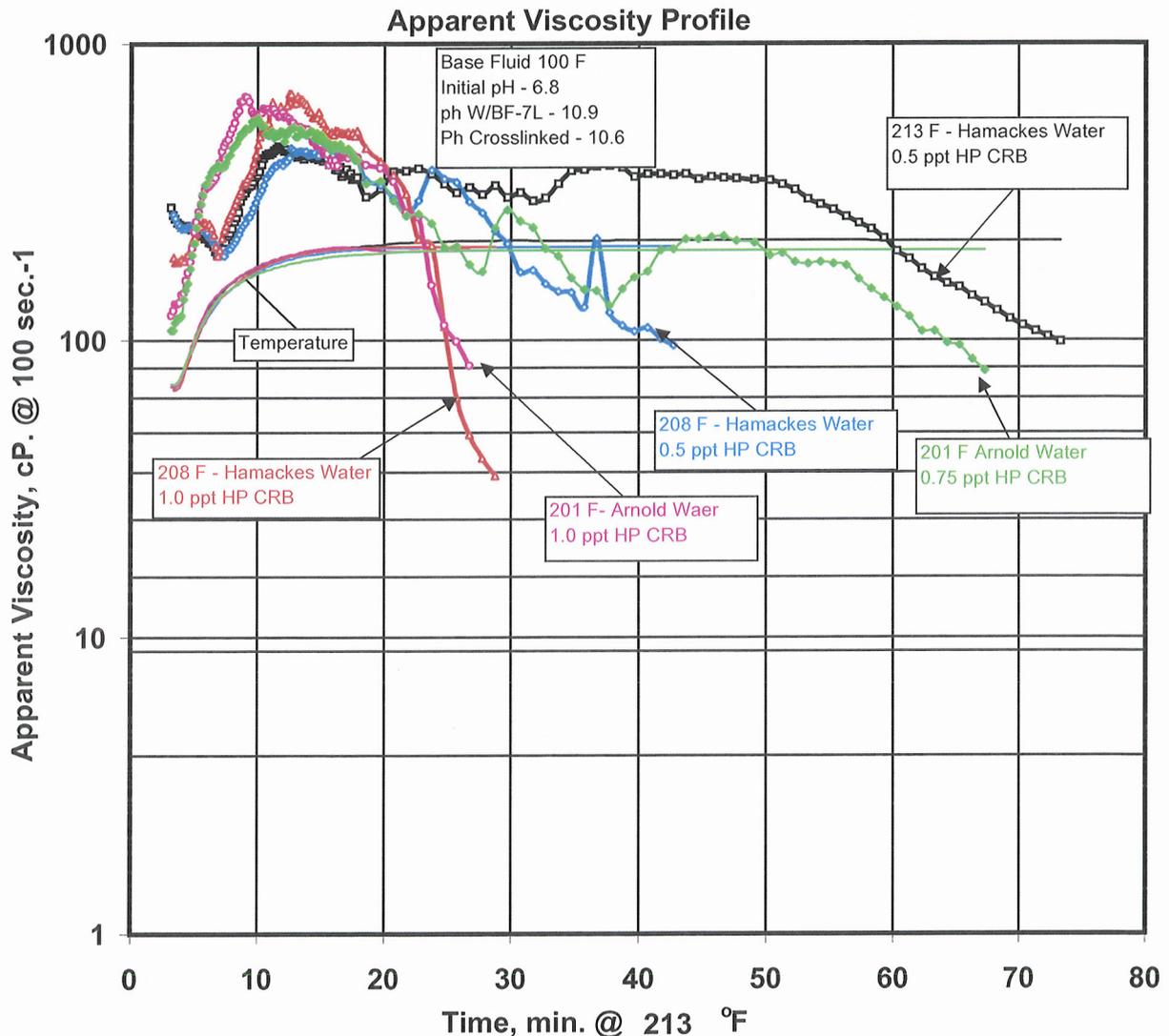
2.0 gpt FlobackPro

HP CRB as indicated

0.2 gpt XLW-32

0.05 gpt Maganecide 575

Submitted Water



Rocky Mountain Region Laboratory  
Brighton, CO 80601  
Date: 12/25/2011

Time "0" at Instrument Start  
File: S1208211  
Tom Smith

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 2  
 Job Description: Lightning 2500D  
 Date: December 28, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**WATER BASED FRAC FLUID QC**

Name of Product System Mixed:	Lightning 2500								
Gellant loading (lbs/1000 gal)	7								
Sampling Time:	7:00AM								
Sample Temperature °F	80.0								
Fann Reading @ 300 RPM	3 min.	18							
	5 min.	22							
	min.	22							
	min.	22							
Base Gel pH	7.53								
Buffered pH	11.31								
X-Link pH	10.36								
Broken pH									

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 2  
 Job Description: Lightning 2500D  
 Date: December 28, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**PROPPANT QUALITY CONTROL**

- "Brady" Type Sand       Ceramic Proppant       Sintered Bauxite  
 "Ottawa" Type Sand       Resin Coated Sand       Other (specify) \_\_\_\_\_

Recognized proppant or gravel sizes: 8/16, 12/20, 16/20, 16/30, 18/40, 20/40, 30/50, 40/70

<input checked="" type="checkbox"/> Correct Color <input checked="" type="checkbox"/> Low Dust <input checked="" type="checkbox"/> Correct Appearance <input checked="" type="checkbox"/> In Size > 90% <input checked="" type="checkbox"/> Oversize < 0.1% <input checked="" type="checkbox"/> Fines < 1.0% <input checked="" type="checkbox"/> Sample Acceptable?	<input type="checkbox"/> Correct Color <input type="checkbox"/> Low Dust <input type="checkbox"/> Correct Appearance <input type="checkbox"/> In Size > 90% <input type="checkbox"/> Oversize < 0.1% <input type="checkbox"/> Fines < 1.0% <input type="checkbox"/> Sample Acceptable?	<input type="checkbox"/> Correct Color <input type="checkbox"/> Low Dust <input type="checkbox"/> Correct Appearance <input type="checkbox"/> In Size > 90% <input type="checkbox"/> Oversize < 0.1% <input type="checkbox"/> Fines < 1.0% <input type="checkbox"/> Sample Acceptable?	<input type="checkbox"/> Correct Color <input type="checkbox"/> Low Dust <input type="checkbox"/> Correct Appearance <input type="checkbox"/> In Size > 90% <input type="checkbox"/> Oversize < 0.1% <input type="checkbox"/> Fines < 1.0% <input type="checkbox"/> Sample Acceptable?
---	--	--	--

Sample 1			Sample 2			Sample 3			Sample 4		
Size: 20/40			Size:			Size:			Size:		
Type: Terra Prop Ultra			Type:			Type:			Type:		
Mesh	Grams	%	Mesh	Grams	%	Mesh	Grams	%	Mesh	Grams	%
16	0.0	0.00									
20	0.2	0.20									
30	96.2	96.59									
35	2.7	2.71									
40	0.2	0.20									
50	0.2	0.20									
Pan	0.1	0.10									
Total: 99.6    100.00			Total: 0.0    0.00			Total: 0.0    0.00			Total: 0.0    0.00		
In Size: 99.5 %			In Size:			In Size:			In Size:		
Oversize: 0.0 %			Oversize:			Oversize:			Oversize:		
Fines: 0.1 %			Fines:			Fines:			Fines:		

Operator Name: Quinex Energy Corp.  
Well Name: Arnold #2-4B1E Stg. 2  
Job Description: Lightning 2500D  
Date: December 28, 2011



Proposal No: 515855189A  
Field Receipt No: 1001876775

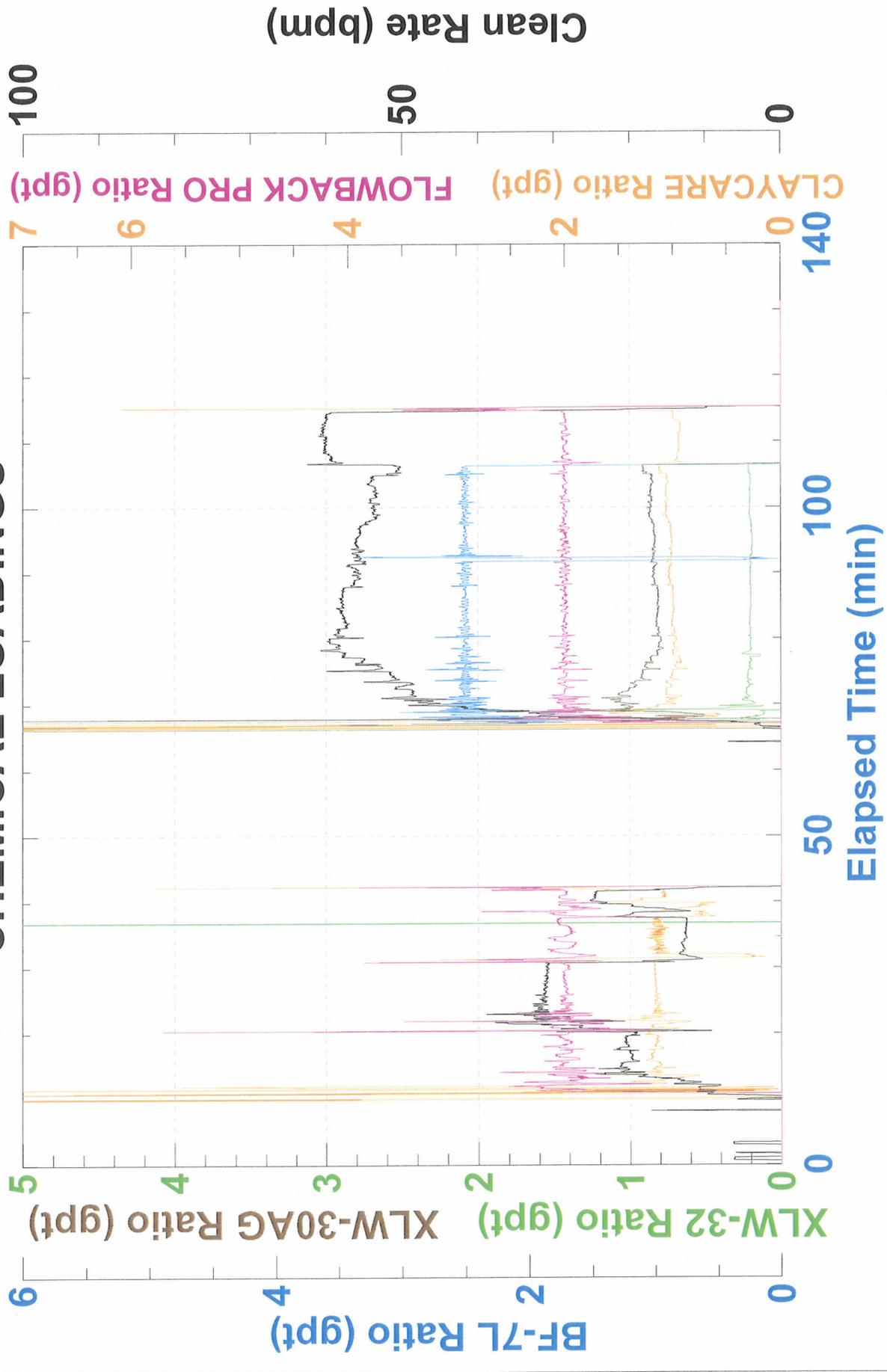
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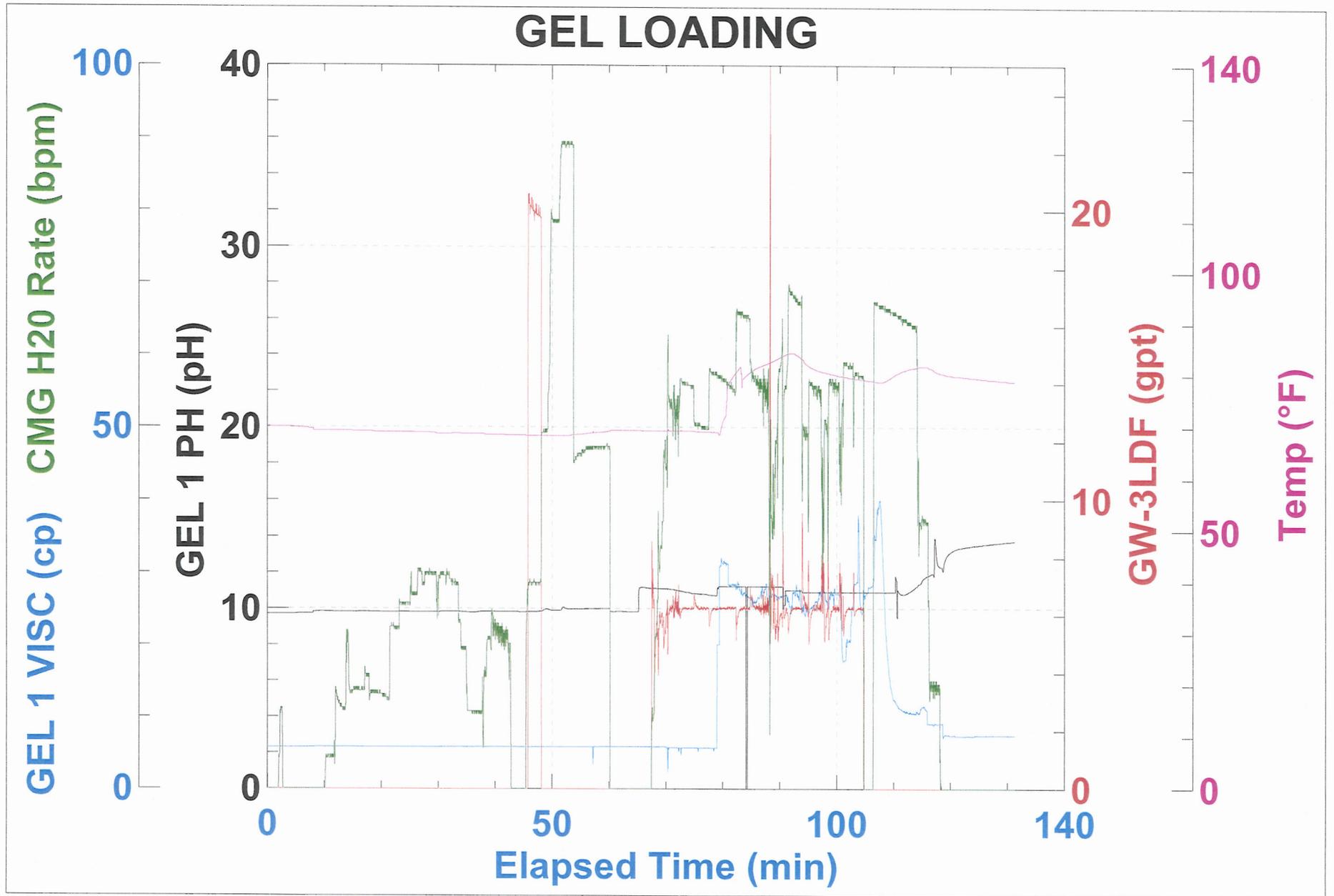
## SECTION VI - TREATMENT GRAPHS

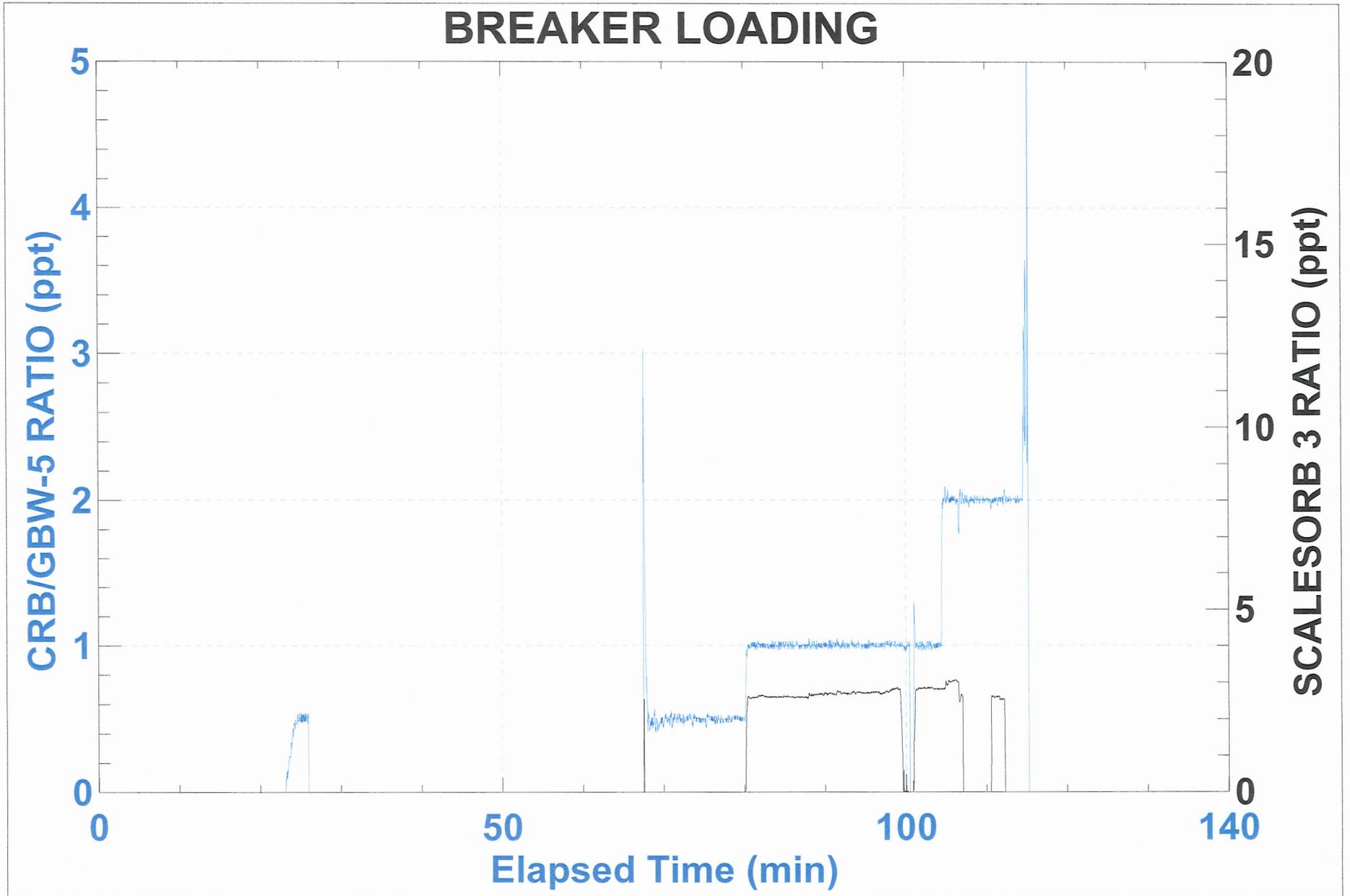


BJ Services JobMaster Program Version 3.50  
Job Number: 1001876775  
Customer: QUINEX ENERGY CORP  
Well Name: ARNOLD 2-4B1E STG #2

# CHEMICAL LOADINGS

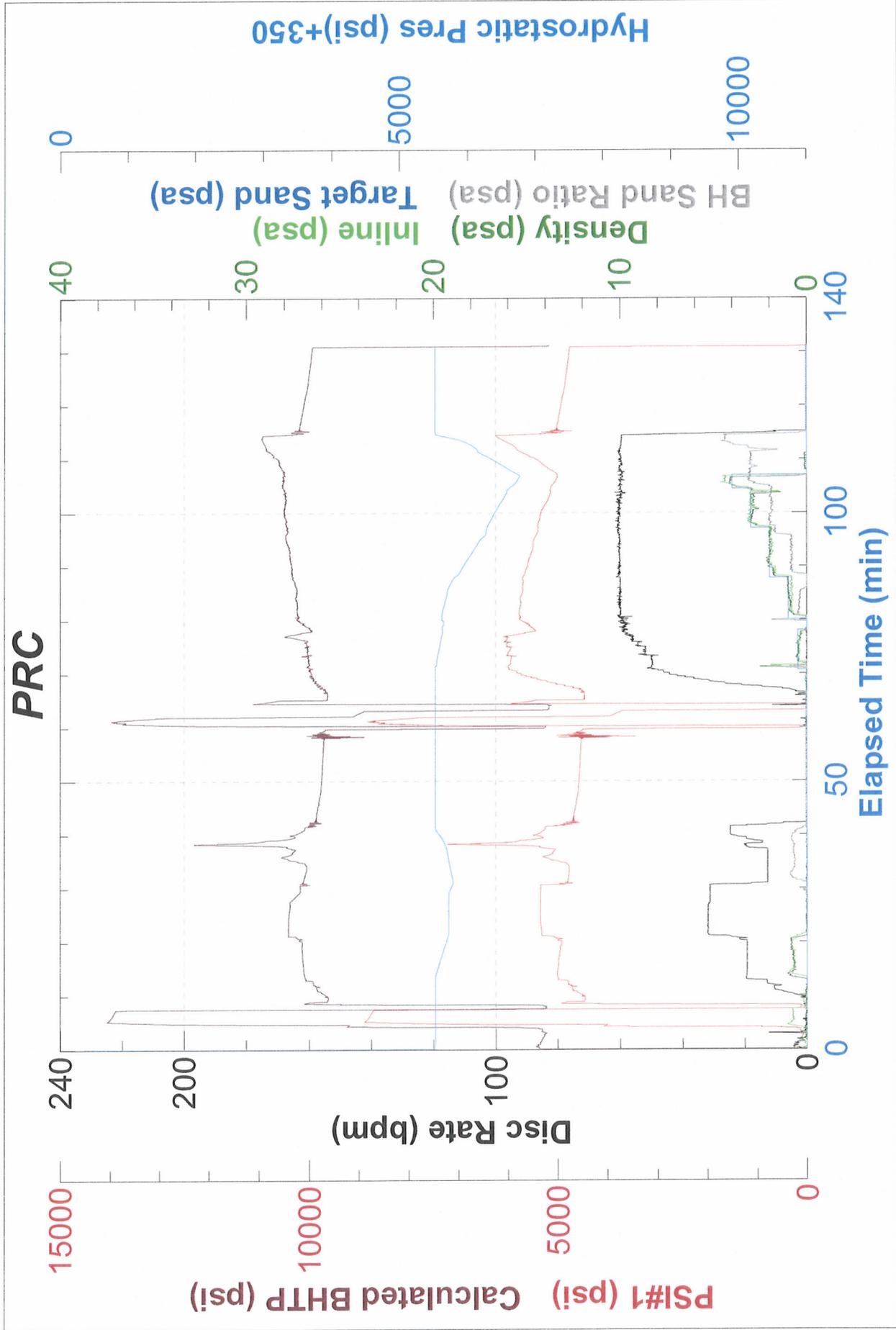






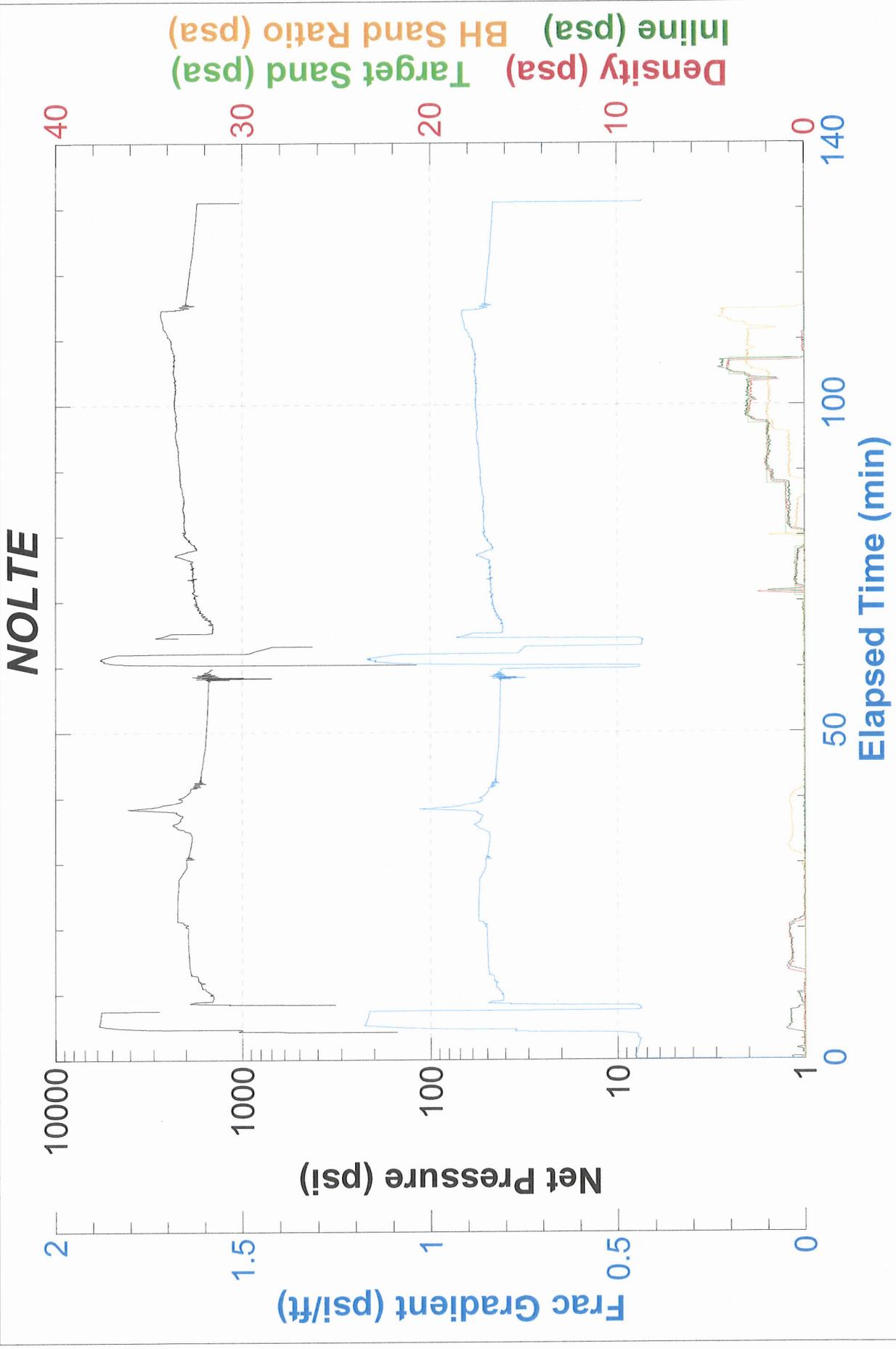


BJ Services JobMaster Program Version 3.50  
Job Number: 1001876775  
Customer: QUINEX ENERGY CORP  
Well Name: ARNOLD 2-4B1E STG #2



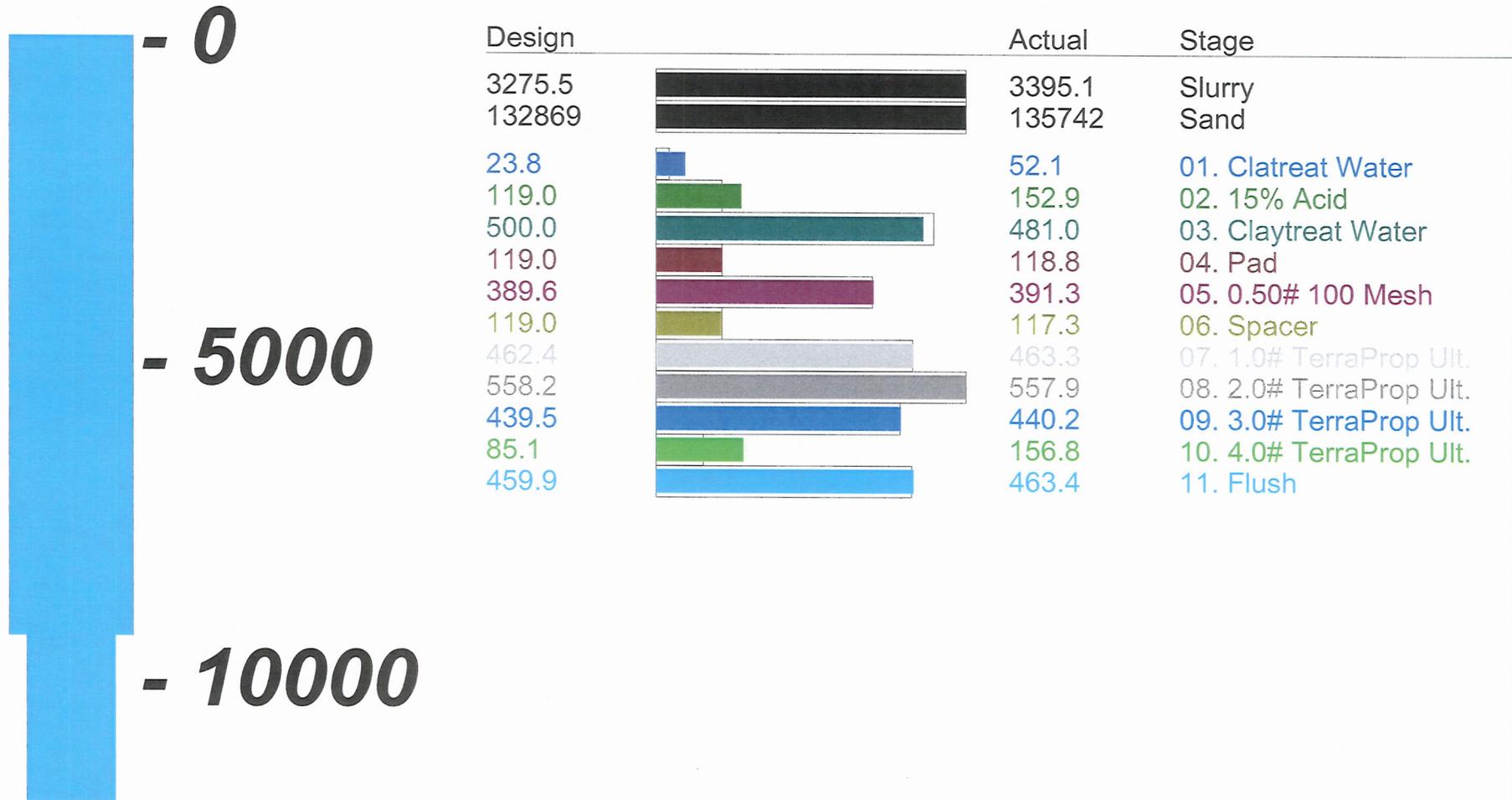


BJ Services JobMaster Program Version 3.50  
Job Number: 1001876775  
Customer: QUINEX ENERGY CORP  
Well Name: ARNOLD 2-4B1E STG #2





# MD=11948 ft, Slurry/Sand are bbl/lbm



# STIMULATION TREATMENT REPORT



Date 28-DEC-11 District Vernal F.Receipt 1001876775 Customer QUINEX ENERGY CORP  
 Lease ARNOLD #2-4B1E Stg 2 Well Name ARNOLD #2-4B1E Stg 2  
 Field BLUEBELL Location 4-2S-1E  
 County Uintah State Utah Stage No 2 Well API - API 43047515660000

WELL DATA		Well Type:	Well Class:	Depth TD/PB:	Formation:
Geometry Type	Tubular Type	NEW	OIL	12342	WASATCH
TUBULAR	CSG				
TUBULAR	LNR				

OD	Weight	ID	Grade	Top	Bottom	Top	Bottom	SPF	Diameter
7.625	38	6.655	P-110	0	9630	11948	11954	4	.34
5.5	20	4.778	P-110	9630	13000	12150	12156	4	.34
						12162	12166	4	.34
						12240	12242	4	.34
						12330	12332	4	.34

Packer Type NA Packer Depth 0 FT

TREATMENT DATA				LIQUID PUMPED AND CAPACITIES IN BBLs.	
Fluid Type	Fluid Desc	Pumped Volume(Gals)	Prop. Description	Volume Pumped(Lbs)	
TREATMENT FLUID	LIGHTNING 2500 D	63,055	Sand, White, 100 mesh	6,992	Tubing Cap. <u>0</u>
PAD	LIGHTNING 2500 D PAD	25,998	TerraProp Ultra, 20/40 mesh	125,871	Casing Cap. <u>459.9</u>
				Total Prop Qty: <u>132,863</u>	Annular Cap. <u>0</u>
					Open Hole Cap. <u>0</u>
					Fluid to Load <u>675.9</u>
					Pad Volume <u>619</u>
					Treating Fluid <u>1501.3</u>
					Flush <u>464.3</u>
					Overflush <u>0</u>
					Fluid to Recover <u>3260.5</u>

Previous Treatment NA Previous Production NA  
 Hole Loaded With Acid Treat Via: Tubing  Casing   Anul.  Tubing & Anul.   
 Ball Sealers: 200 In 1 Stages Type BIOSEALERS MR  
 Auxiliary Materials GW-3LDF, SCALESORB 3, FLO-BACK PRO, GBW-5, BF-7L, CLAYCARE, XLW-30AG, XLW-32, MAG 575  
HI PERM CRB

### PROCEDURE SUMMARY

Time AM/PM	Treating Pressure-Psi		Surface Slurry BBLs. Pumped		Slurry Rate BPM	Comments
	STP	Annulus	Stage	Total		
09:15						Safety Meeting
09:45						Wireline off well
11:50						Pressure test lines and wellhead to Max PSI of 8895
12:13	4455			1.8	3.8	Load ball gun/ Open well/ Start Claywater/ Brk @ 4508
12:18	5008			41	19.4	Start Acid
12:19	5010			45	19.4	Start Bioballs
12:26	5321			197	31.9	Stg Acid Flush
12:36	4799			501	12.7	Acid On
12:36	4806			505	12.7	Bioballs On
12:47	4738			675.9		Shutdown ISIP 4738 F.G. .82
12:52	4636					5 min
12:57	4559					10 min
01:02	4534					15 min
01:04						Break ball gun out/ Re-pressure test lines to Max PSI of 8780
01:20	4450			667		Stg Pad/ Start Chemicals
01:25	5908			795	49.4	Stg 0.5 # 100 mesh
01:32	5902			1136	56.8	Pad On
01:33	5464			1185	57.5	Stg Spacer
01:34	5615			1255	58.6	0.5 # 100 mesh On
01:35	5763			1304	59.3	Stg 1 # Terraprop Pro Ultra
01:40	5701			1645	59.9	Spacer On
01:42	5710			1764	60	1 # Terraprop Pro Ultra On
01:42	5710			1766	60	Stg 2 # Terraprop Pro Ultra
01:50	5460			2226	60.1	2 # Terraprop Pro Ultra On
01:52	5397			2324	60.2	Stg 3 # Terraprop Pro Ultra
01:59	5146			2763	59.7	Stg 4 # Terraprop Pro Ultra
01:59	5136			2784	59.6	3 # Terraprop Pro Ultra On
02:02	5017			2920	58.9	Stg Flush
02:07	5833			3223	59.8	4 # Terraprop Pro Ultra On
02:10	5051			3384.4		Shutdown ISIP 5051 F.G. .85
02:30						Turn well over to wireline

# Treatment Report-Supplement



Date 28-DEC-11 District Vernal F.Receipt 1001876776 Customer QUINEX ENERGY CORP  
 Lease ARNOLD #2-4B1E Stg 2 Well Name ARNOLD #2-4B1E Stg 2  
 Field BLUEBELL Location VERNAL  
 County Uintah State Utah Stage No 2 Well API - API 43047515660000

TIME AM/PM	Treating Pressure-Psi		Surface Slurry BBLs. Pumped		Slurry Rate BPM	Comments
	STP	Annulus	Stage	Total		
09:15						Safety Meeting
09:45						Wireline off well
11:50						Pressure test lines and wellhead to Max PSI of 8895
12:13	4455			1.8	3.8	Load ball gun/ Open well/ Start Claywater/ Brk @ 4508
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12:36	4806			505	12.7	Bioballs On
12:47	4738			675.9		Shutdown ISIP 4738 F.G. 82
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01:20	4450			667		Stg Pad/ Start Chemicals
01:25	5908			795	49.4	Stg 0.5 # 100 mesh
01:32	5902			1136	56.8	Pad On
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01:34	5615			1255	58.6	0.5 # 100 mesh On
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01:59	5146			2763	59.7	Stg 4 # Terraprop Pro Ultra
01:59	5136			2784	59.6	3 # Terraprop Pro Ultra On
02:02	5017			2920	58.9	Stg Flush
02:07	5833			3223	59.8	4 # Terraprop Pro Ultra On
02:10	5051			3384.4		Shutdown ISIP 5051 F.G. 85
02:30						Turn well over to wireline

Treating Pressure		Injection Rates		Shut In Pressures		Customer Rep.			
Minimum	4991	Treating Fluid	59.8	ISDP	5051	Paul Wells			
Maximum	5778	Flush	59.4	5 Min.	4932	BJ Rep.	ANDRES P DURAN		
Average	5475	Average	59.8	10 Min.	4837	Job Number	1001876776		
Operators Max. Pressure 7800				15 Min.	4770	Rec. ID No.	515851891 A		
				Final	4770	In	Min.	15	Distribution
				Flush Dens. lb./gal.		8.34			



Proposal No: 515855189A  
Field Receipt No: 1001876775

**Quinex Energy Corp.**  
**Arnold #2-4B1E**  
**Stage 1**

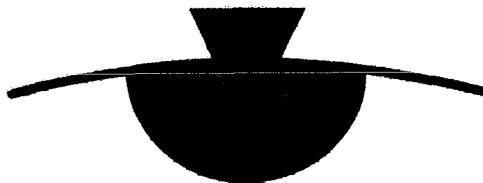
API #: 43-047-51566-0000  
Bluebell Field  
Sec 4-T 2 S-R 1 E  
Uintah County, Utah  
December 27, 2011

## Post Treatment Report

**Prepared for:**  
Paul Wells  
Quinex Energy Corp.

**Prepared by:**  
Nathan Carter

Vernal, UT  
Business Phone: 435-781-2294  
Fax: 435-789-4530



# POWERVISION<sup>SM</sup>

**Service Point:**  
Vernal, UT  
Bus Phone: 435-781-2294  
Fax: 435-789-4530

**Service Supervisor:**  
Lance Simmons  
Service Supervisor  
Mobile: (435) 828-4131

Operator Name: Quinex Energy Corp.  
Well Name: Arnold #2-4B1E Stg. 1  
Job Description: Lightning 2500D  
Date: December 27, 2011



Proposal No: 515855189A  
Field Receipt No: 1001876775

---

2160S 1500E  
Vernal, UT 84078  
435-781-2294

December 27, 2011

Paul Wells  
Quinex Energy Corp.

Re:  
Post Treatment Report  
Arnold #2-4B1E Stg. 1  
Wasatch Formation

Dear Mr. Wells,

This post treatment summary contains information that was gathered through BJ Service Co.'s real time data acquisition system. The stimulation treatment on the above referenced well was performed by our Vernal district on December 27, 2011. The information presented consists of the Well Data, Material Utilization, Treatment Schedule, Fracture Parameters, Quality Control and Treatment Graphs.

Thank you for the opportunity to perform this treatment. If you have any questions or comments, please call me at 435-781-2294.

Sincerely,

Nathan Carter  
BJ Services Co.

Operator Name: Quinex Energy Corp.  
Well Name: Arnold #2-4B1E Stg. 1  
Job Description: Lightning 2500D  
Date: December 27, 2011



Proposal No: 515855189A  
Field Receipt No: 1001876775

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## **TABLE OF CONTENTS**

Section I	Well Data
Section II	Material Utilization
Section III	Treatment Schedule
Section IV	Fracture Parameters
Section V	Quality Control
Section VI	Treatment Graphs

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 1  
 Job Description: Lightning 2500D  
 Date: December 27, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**SECTION I - WELL DATA**

**RESERVOIR DATA**

Formation: Wasatch  
 Formation Type: Sandstone  
 Depth to Middle Perforation: 12651 ft  
 Fracture Gradient: 0.914 psi/ft  
 Bottom Hole Fracture Pressure: 11566 psi  
 Bottom Hole Static Temperature: 213 ° F

**PERFORATED INTERVAL**

DEPTH (ft)		Shots Per Foot	Perf Diameter (in)	Total Perfs
MEASURED	TRUE VERTICAL			
12,546 - 12,550	12,546 - 12,550	4	0.34	16
12,746 - 12,756	12,746 - 12,756	4	0.34	40

Total Number of Perforations: 56  
 Total Feet Perforated: 14 ft

**TUBULARS**

Pump Via: Casing

**TUBULAR GEOMETRY**

						<u>Top</u>	<u>Bottom</u>
Casing	7	5/8	O.D." (6.625" I.D.)	39 #		0	9350
Casing	5	1/2	O.D." (4.778" I.D.)	20 #		9350	13000

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 1  
 Job Description: Lightning 2500D  
 Date: December 27, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**SECTION II - MATERIAL UTILIZATION**

**VOLUMES**

Label	Clean Volumes		Unit
	Proposed	Actual	
Pad	5,000	4,960	gals
Treating Fluid	43,833	51,010	gals
Flush	20,500	19,858	gals
Other	30,000	29,576	gals
Load To Recover		105,404	gals
		2,510	bbbs

**PROPPANT**

Size & Type	Proposed	Actual	Unit
White, 100m	2,500	1,809	lbs.
Terra Prop Pro	70,000	70,892	lbs.
Total Proppant	72,500	72,701	lbs

**ADDITIVES**

Product Name	Proposed	Actual	Unit
GW-3LDF	399	380	Gal.
BF-7L	140	147	Gal.
XLW-30AG	45	58	Gal.
XLW-32	11	0	Gal.
Claycare	105	105	Gal.
Flo-Back	211	214	Gal.
HP CRB	88	85	Lb.
GBW-5	40	30	Lb.
Scalesorb 3	301	250	Lb.

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 1  
 Job Description: Lightning 2500D  
 Date: December 27, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**SECTION III - TREATMENT SCHEDULE**

**PROCEDURE**

Stage	Fluid		Prop Conc.		Clean Volume		
	Type	Stage Label	Prop.	Act.	Proposed	Actual	Units
1	Claytreat Water	Claytreat Water	0	0	1,000	3,910	gals
2	Acid	15% HCl	0	0	5,000	5,111	gals
3	Prepad	Claytreat Water	0	0	24,000	20,555	gals
4	Pad	Pad	0	0	5,000	4,960	gals
5	Lightning 2500D	100 Mesh Sand	0.5	0.5	5,000	5,056	gals
6	Lightning 2500D	Spacer	0	0	5,000	4,960	gals
7	Lightning 2500D	1# Sand	1	1	10,500	10,533	gals
8	Lightning 2500D	2# Sand	2	2	12,250	12,281	gals
9	Lightning 2500D	3# Sand	3	3	9,333	9,358	gals
10	Lightning 2500D	4# Sand	4	4	1,750	8,822	gals
11	Slickwater	Flush	0	0	20,500	19,858	gals

**COMMENTS**



Operator Name: Quinex Energy Corp.  
Well Name: Arnold #2-4B1E Stg. 1  
Job Description: Lightning 2500D  
Date: December 27, 2011



Proposal No: 515855189A  
Field Receipt No: 1001876775

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**SECTION V - QUALITY CONTROL**

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 1  
 Job Description: Lightning 2500D  
 Date: December 27, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**WATER ANALYSIS**

Date Sampled: 12/6/11

Source: Tank

Tank:	1	2	3	4	5	6	7	8	9	10
Clarity, color, odor	Clear									
Temperature, (°F)	91.0	50.0	51.0	50.0	50.0	49.0	50.0	61.0	69.0	62.0
pH	8.00	8.20	7.80	7.90	8.00	8.00	8.00	8.00	8.10	8.30
Specific Gravity	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Iron (mg/L)	1.6	1.6	1.6	1.6	1.6	1.6	1.2	1.2	1.2	1.6
Sulfates (mg/L)	400	400	400	200	400	400	400	200	400	400
Chlorides (mg/L)	222	222	195	195	195	195	160	248	5587	222
Bicarbonates (mg/L)	73	73	98	98	98	98	85	85	85	73
Hardness (mg/L)	222	222	171	171	171	171	205	205	205	222

Tank:	11	12	13	14	15	16	17	18	19	20
Clarity, color, odor	Clear									
Temperature, (°F)	52.0	83.0	44.0	46.0	81.0	87.0	82.0	83.0	90.0	127.0
pH	7.90	7.90	7.70	7.90	8.20	7.90	6.70	7.20	8.20	7.80
Specific Gravity	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Iron (mg/L)	1.2	0.4	0.4	0.4	1.6	0.4	1.2	1.2	1.2	1.2
Sulfates (mg/L)	400	200	200	200	400	400	400	200	400	400
Chlorides (mg/L)	177	177	177	177	532	177	222	222	222	222
Bicarbonates (mg/L)	85	110	110	110	31	110	146	146	146	146
Hardness (mg/L)	205	257	257	257	222	257	325	325	325	325

Operator Name: Quinex Energy Corp.  
Well Name: Arnold #2-4B1E Stg. 1  
Job Description: Lightning 2500D  
Date: December 27, 2011



Proposal No: 515855189A  
Field Receipt No: 1001876775

**WATER ANALYSIS**

Date Sampled: 12/6/11

Source: Tank

Tank:	21	22	23	24	25	26	27	28	29	30
Clarity, color, odor	tan	tan								
Temperature, (°F)	127.0	109.0								
pH	7.30	7.70								
Specific Gravity	0.996	0.996								
Iron (mg/L)	5.0	9.0								
Sulfates (mg/L)	400	400								
Chlorides (mg/L)	355	355								
Bicarbonates (mg/L)	244	244								
Hardness (mg/L)	684	684								



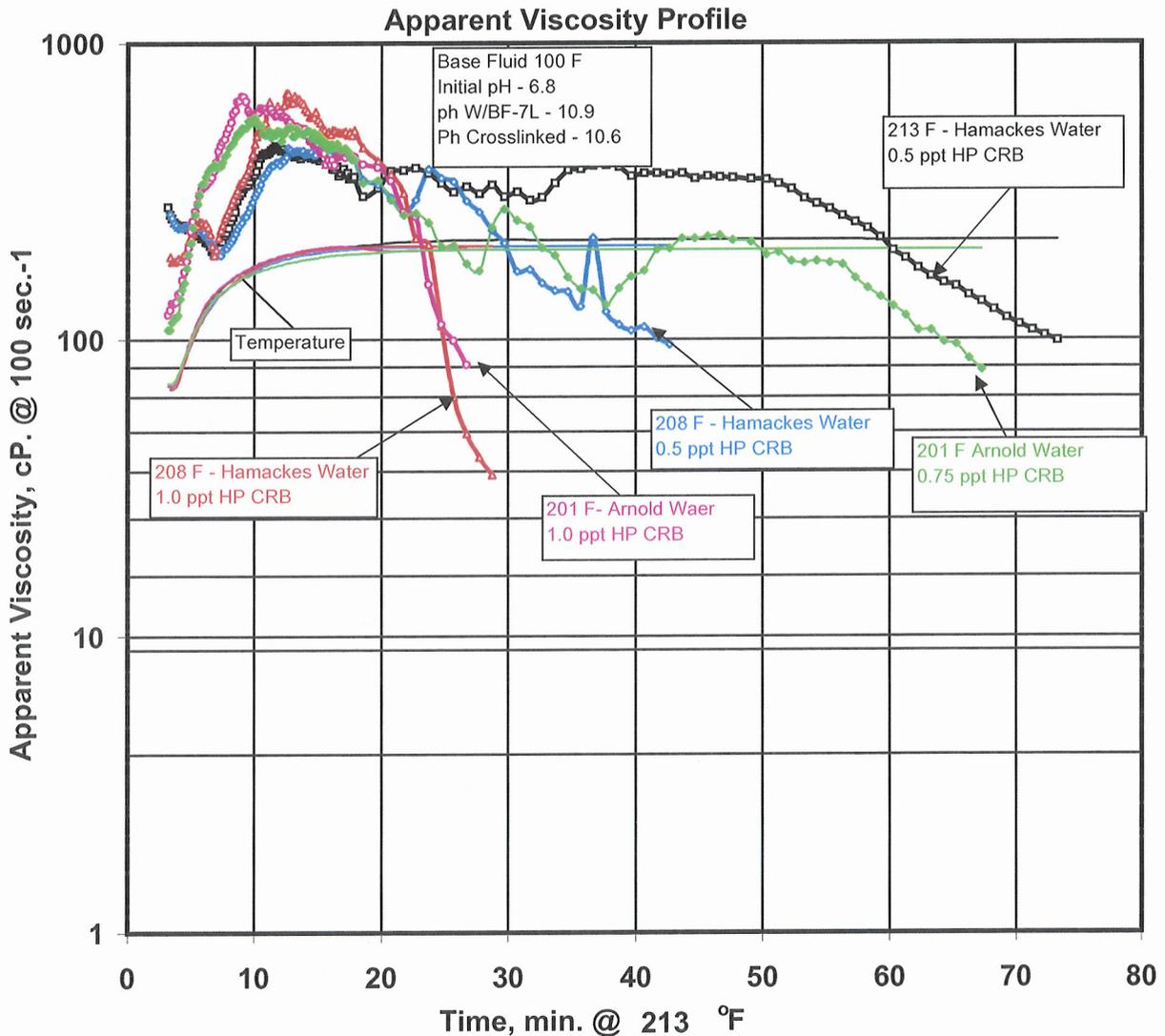
Rocky Mountain Region  
Laboratory  
For  
Quinex Energy Corp.  
Arnold  
#2-4B1E  
Uintah County  
Utah  
Wasatch Formation

Fluid System  
Lightning 25  
Containing:

6.25 gpt GW-3LDF  
0.8 gpt XLW-30AG  
2.5 gpt BF-7L  
1.0 gpt ClayCare  
2.0 gpt FlobackPro

HP CRB as indicated

0.2 gpt XLW-32  
0.05 gpt Maganecide 575  
Submitted Water



Rocky Mountain Region Laboratory  
Brighton, CO 80601  
Date: 12/25/2011

Time "0" at Instrument Start  
File: S1208211  
Tom Smith

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 1  
 Job Description: Lightning 2500D  
 Date: December 27, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**WATER BASED FRAC FLUID QC**

Name of Product System Mixed:		Lightning 2500							
Gellant loading (lbs/1000 gal)		7							
Sampling Time:		7:00AM							
Sample Temperature °F		80.0							
Fann Reading @ 300 RPM	3 min.	18							
	5 min.	22							
	min.	22							
	min.	22							
Base Gel pH		7.53							
Buffered pH		11.31							
X-Link pH		10.36							
Broken pH									

Operator Name: Quinex Energy Corp.  
 Well Name: Arnold #2-4B1E Stg. 1  
 Job Description: Lightning 2500D  
 Date: December 27, 2011



Proposal No: 515855189A  
 Field Receipt No: 1001876775

**PROPPANT QUALITY CONTROL**

- "Brady" Type Sand       Ceramic Proppant       Sintered Bauxite  
 "Ottawa" Type Sand       Resin Coated Sand       Other (specify) \_\_\_\_\_

Recognized proppant or gravel sizes: 8/16, 12/20, 16/20, 16/30, 18/40, 20/40, 30/50, 40/70

<input checked="" type="checkbox"/> Correct Color <input checked="" type="checkbox"/> Low Dust <input checked="" type="checkbox"/> Correct Appearance <input checked="" type="checkbox"/> In Size > 90% <input checked="" type="checkbox"/> Oversize < 0.1% <input checked="" type="checkbox"/> Fines < 1.0% <input checked="" type="checkbox"/> Sample Acceptable?	<input type="checkbox"/> Correct Color <input type="checkbox"/> Low Dust <input type="checkbox"/> Correct Appearance <input type="checkbox"/> In Size > 90% <input type="checkbox"/> Oversize < 0.1% <input type="checkbox"/> Fines < 1.0% <input type="checkbox"/> Sample Acceptable?	<input type="checkbox"/> Correct Color <input type="checkbox"/> Low Dust <input type="checkbox"/> Correct Appearance <input type="checkbox"/> In Size > 90% <input type="checkbox"/> Oversize < 0.1% <input type="checkbox"/> Fines < 1.0% <input type="checkbox"/> Sample Acceptable?	<input type="checkbox"/> Correct Color <input type="checkbox"/> Low Dust <input type="checkbox"/> Correct Appearance <input type="checkbox"/> In Size > 90% <input type="checkbox"/> Oversize < 0.1% <input type="checkbox"/> Fines < 1.0% <input type="checkbox"/> Sample Acceptable?
---	--	--	--

Sample 1			Sample 2			Sample 3			Sample 4		
Size: 20/40			Size:			Size:			Size:		
Type: Terra Prop Ultra			Type:			Type:			Type:		
Mesh	Grams	%	Mesh	Grams	%	Mesh	Grams	%	Mesh	Grams	%
16	0.0	0.00									
20	0.2	0.20									
30	96.2	96.59									
35	2.7	2.71									
40	0.2	0.20									
50	0.2	0.20									
Pan	0.1	0.10									
Total: 99.6    100.00			Total: 0.0    0.00			Total: 0.0    0.00			Total: 0.0    0.00		
In Size: 99.5 %			In Size:			In Size:			In Size:		
Oversize: 0.0 %			Oversize:			Oversize:			Oversize:		
Fines: 0.1 %			Fines:			Fines:			Fines:		

Operator Name: Quinex Energy Corp.  
Well Name: Arnold #2-4B1E Stg. 1  
Job Description: Lightning 2500D  
Date: December 27, 2011



Proposal No: 515855189A  
Field Receipt No: 1001876775

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**SECTION VI - TREATMENT GRAPHS**



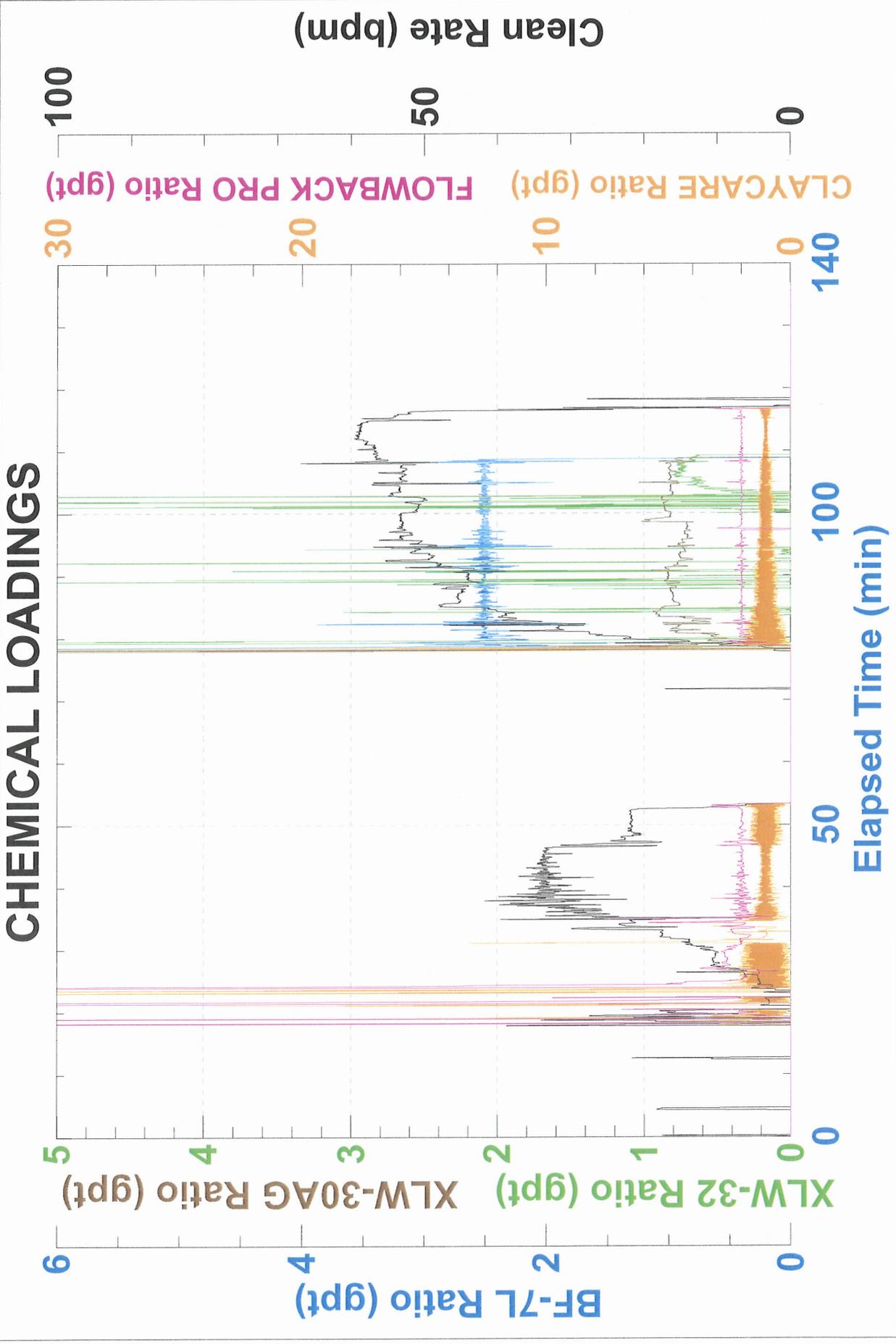
BJ Services JobMaster Program Version 3.50

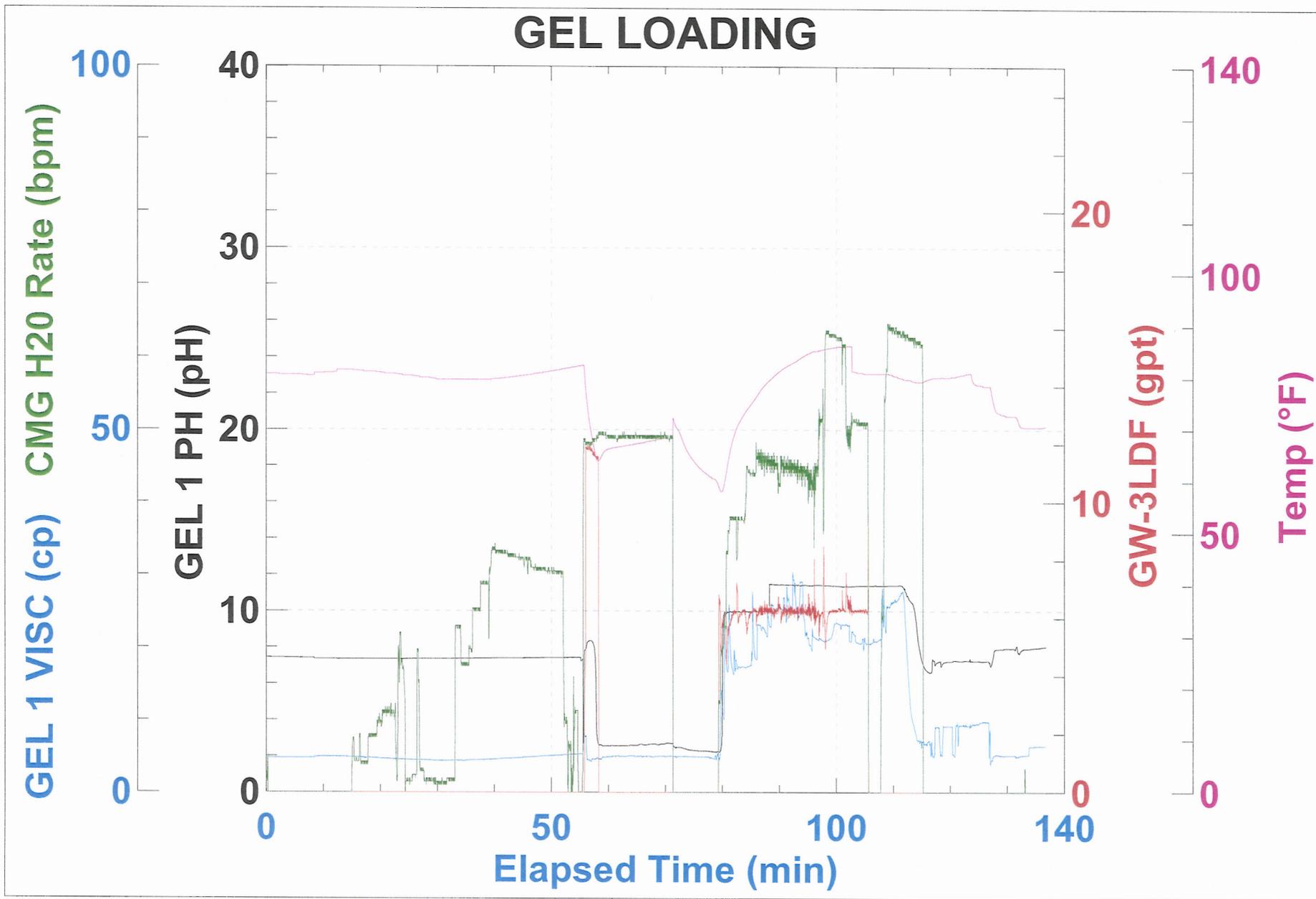
Job Number: 1001876775

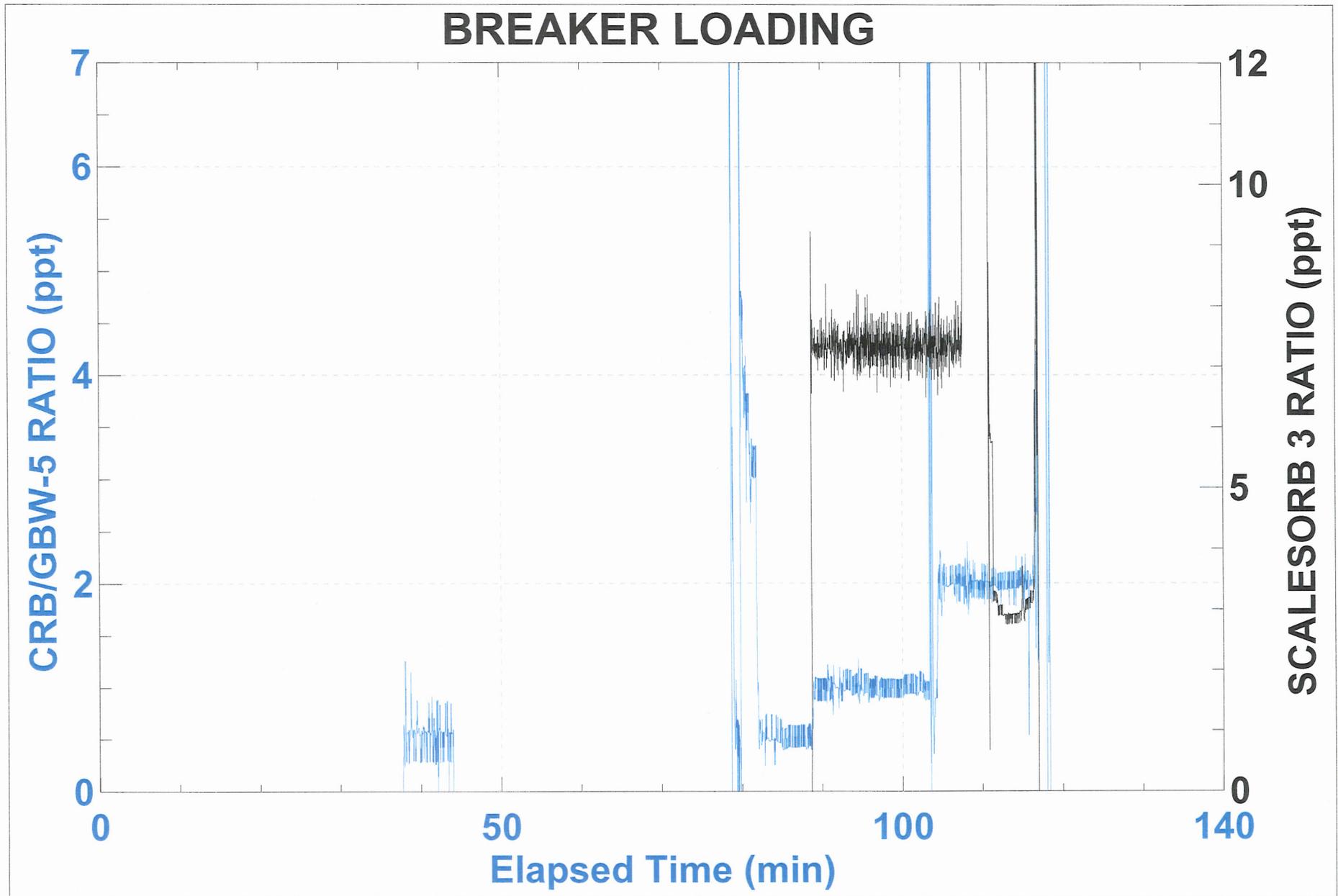
Customer: QUINEX ENERGY CORP

Well Name: ARNOLD 2-4B1E STG #1

# CHEMICAL LOADINGS

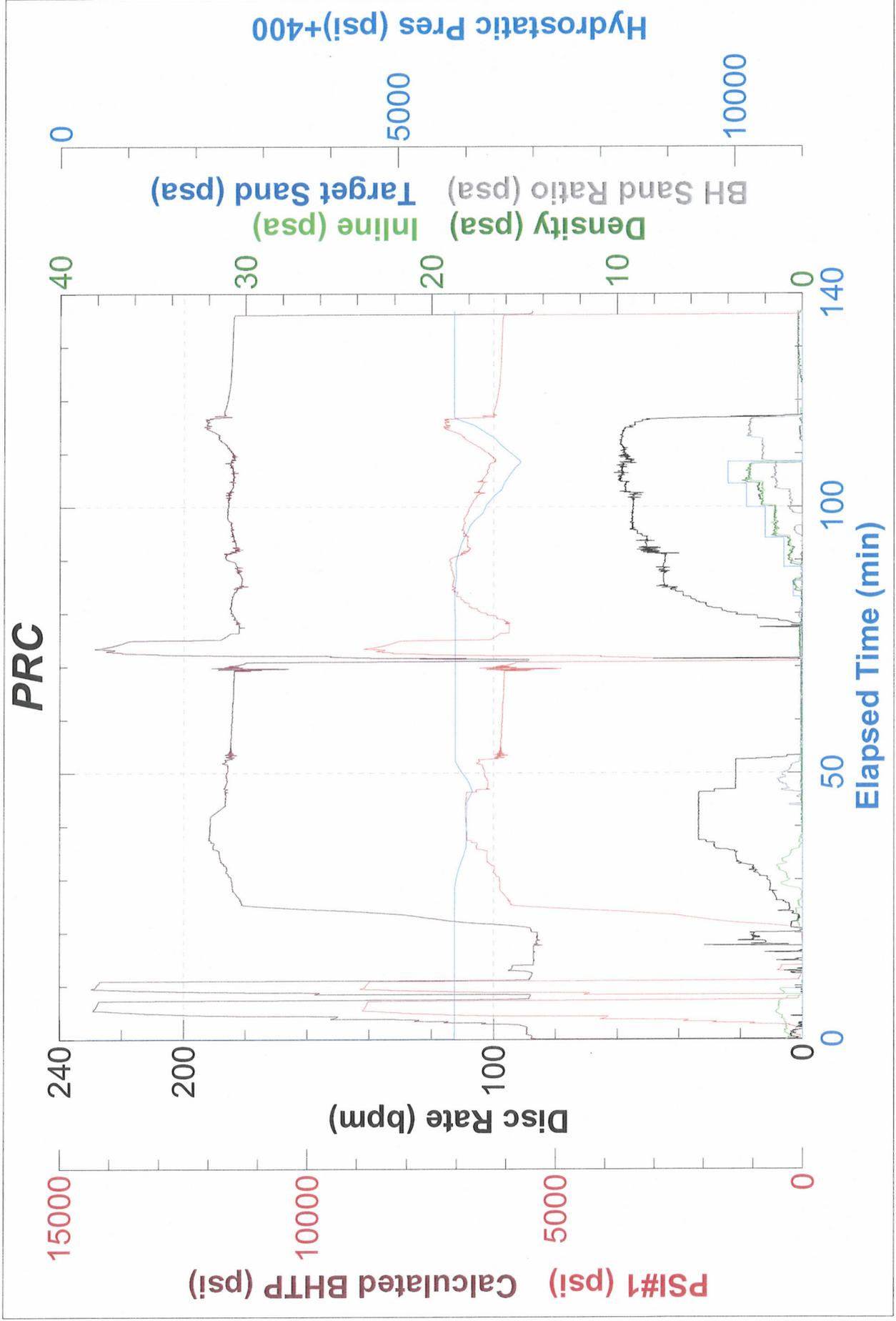






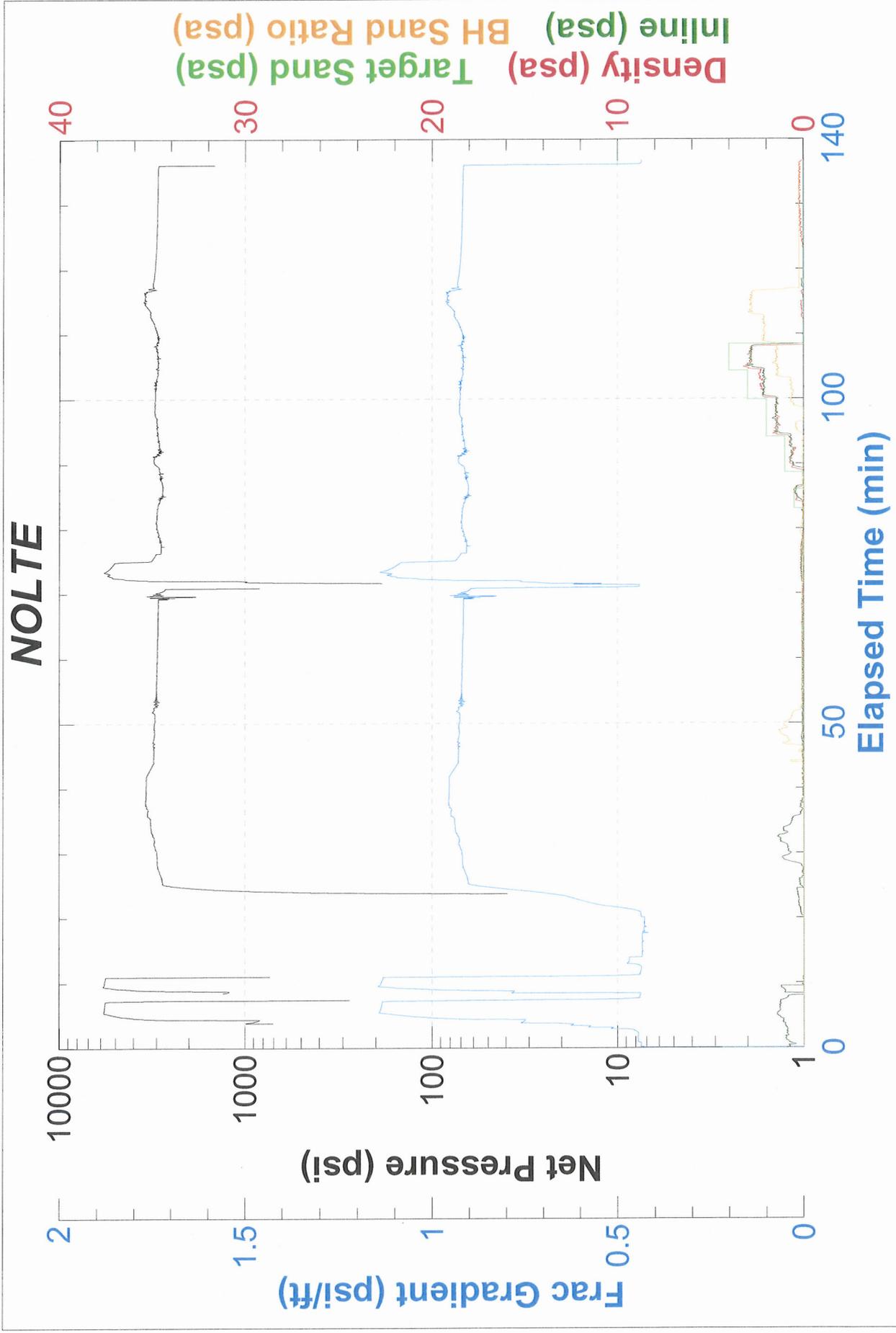


BJ Services JobMaster Program Version 3.50  
Job Number: 1001876775  
Customer: QUINEX ENERGY CORP  
Well Name: ARNOLD 2-4B1E STG #1



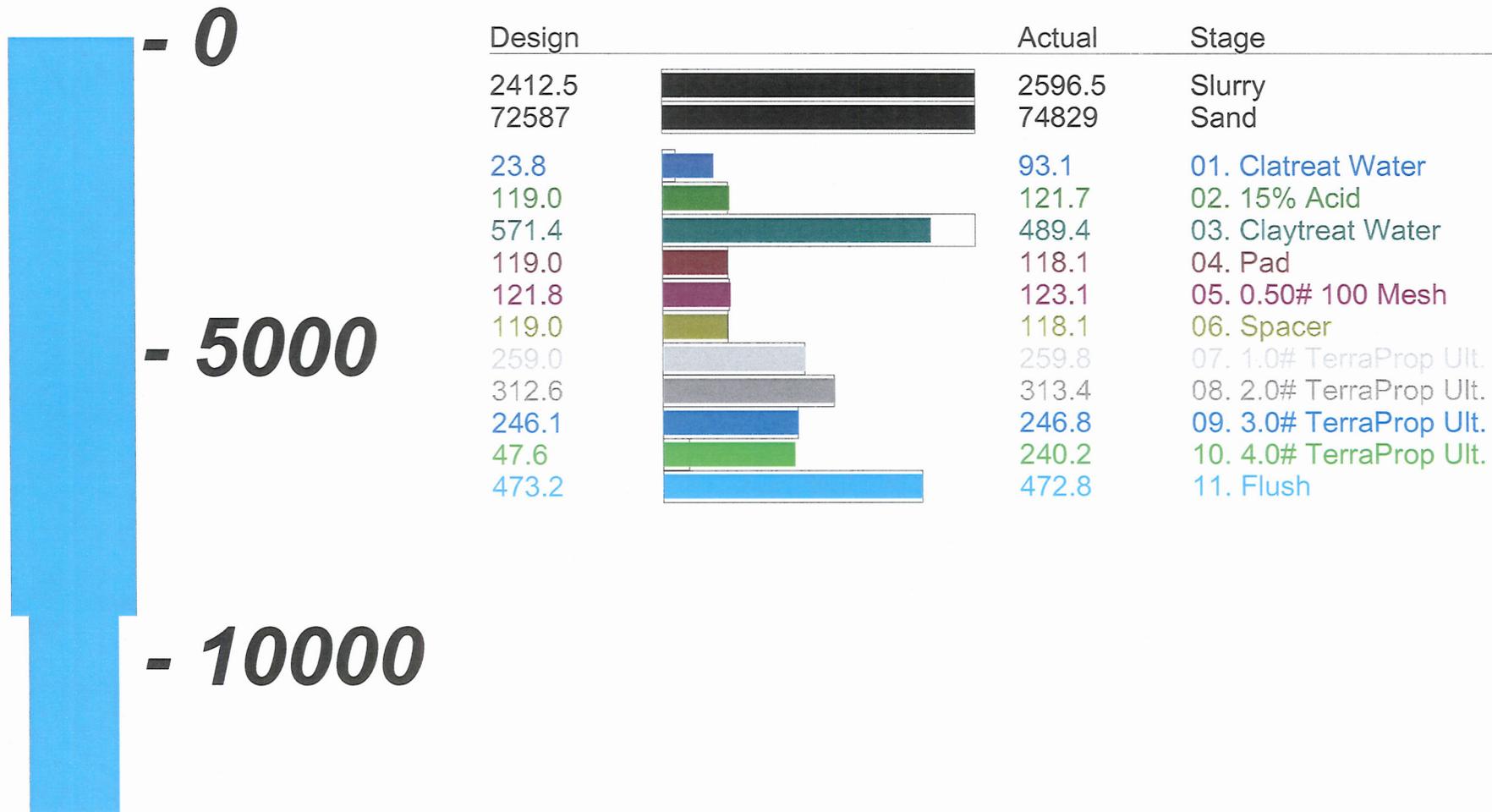


BJ Services JobMaster Program Version 3.50  
Job Number: 1001876775  
Customer: QUINEX ENERGY CORP  
Well Name: ARNOLD 2-4B1E STG #1





# MD=12546 ft, Slurry/Sand are bbl/lbm



# STIMULATION TREATMENT REPORT



Date 27-DEC-11 District Vernal F.Receipt 1001876775 Customer QUINEX ENERGY CORP  
 Lease ARNOLD #2-4B1E Stg 1 Well Name ARNOLD #2-4B1E Stg 1  
 Field BLUEBELL Location 4-2S-1E  
 County Uintah State Utah Stage No 1 Well API - API 43047515660000

WELL DATA		Well Type:	Well Class:	Depth TD/PB:	Formation:
Geometry Type	Tubular Type	OD	Weight	ID	Grade
TUBULAR	CSG	7.625	38	6.655	P-110
TUBULAR	LNR	5.5	20	4.778	P-110

Packer Type NA Packer Depth 0 FT

TREATMENT DATA			Prop. Description	Volume Pumped(Lbs)
Fluid Type	Fluid Desc	Pumped Volume(Gals)		
TREATMENT FLUID	LIGHTNING 2500 D	40,879	Sand, White, 100 mesh	1,809
PAD	LIGHTNING 2500 D	15,112	TerraProp Ultra, 20/40 mesh	70,892
			Total Prop Qty:	72,701

LIQUID PUMPED AND CAPACITIES IN BBLs.	
Tubing Cap.	0
Casing Cap.	479
Annular Cap.	0
Open Hole Cap.	0
Fluid to Load	690.9
Pad Volume	359.8
Treating Fluid	973.3
Flush	473.2
Overflush	0
Fluid to Recover	2497.2

Previous Treatment NA Previous Production NA  
 Hole Loaded With Acid Treat Via: Tubing  Casing  Anul.  Tubing & Anul.   
 Ball Sealers: 100 In 1 Stages Type BIOSEALERS MR  
 Auxiliary Materials GW-3LDF, SCALESORB 3, FLO-BACK PRO, GBW-5, BF-7L, CLAYCARE, XLW-30AG, XLW-32, MAG 575  
 , HI PERM CRB

### PROCEDURE SUMMARY

Time AM/PM	Treating Pressure-Psi		Surface Slurry BBLs. Pumped		Slurry Rate BPM	Comments
	STP	Annulus	Stage	Total		
11:30						Safety Meeting
11:50						Pressure test lines and wellhead to max PSI of 8898
12:15						Fix leaking chiksan, Re-pressure test lines to max PSI of 8934
12:33	0			53.2	4.3	Open well/ Start Claywater/ Brk @ 5909
12:48	6127			76	10.4	Start Acid
12:48	6120			80	10.4	Start Bioballs
12:56	6597			203	28.3	Stg Acid Flush
01:06	6651			549.2	28.2	Acid On
01:06	6650			553.2	28.2	Bioballs On
01:13	6080			690.9		Shutdown ISIP 6080 F.G. .91
01:18	6082					5 min
01:23	6055					10 min
01:28	6035					15 min
02:05						Fix XLW-30AG/Re-pressure test lines and wellhead to PSI of 8877
02:11	5935			691		Open well/ Stg Pad
02:18	6967			810	38.3	Stg 0.5 # 100 mesh
02:21	7060			932	45	Stg Spacer
02:24	7106			1051	45	Stg 1 # Terraprop Ultra
02:27	6813			1164	49	Pad On
02:29	6770			1283	50.5	0.5 # 100 mesh On
02:30	6782			1310	52	Stg 2 # Terraprop Ultra
02:32	6857			1405	55	Spacer On
02:34	6795			1524	55	1 # Terraprop Ultra On
02:36	6704			1623	55	Stg 3 # Terraprop Ultra
02:38	6528			1783	58.1	2 # Terraprop Ultra On
02:40	6454			1869	56.7	Stg 4 # Terraprop Ultra
02:44	6229			2096	56.8	Stg Flush
02:44	6235			2108	56.1	3 # Terraprop Ultra On
02:48	6742			2342	58.6	4 # Terraprop Ultra On
02:53	6356			2581.4		Shutdown ISIP 6356 F.G. .94
03:10						Turn well over to wireline

## Treatment Report-Supplement



Date 27-DEC-11 District Vernal F.Receipt 1001876775 Customer QUINEX ENERGY CORP  
 Lease ARNOLD #2-4B1E Stg 1 Well Name ARNOLD #2-4B1E Stg  
 Field BLUEBELL Location VERNAL  
 County Uintah State Utah Stage No 1 Well API - API 43047515660000

TIME AM/PM	Treating Pressure-Psi		Surface Slurry BBLs. Pumped		Slurry Rate BPM	Comments
	STP	Annulus	Stage	Total		
11:30						Safety Meeting
11:50						Pressure test lines and wellhead to max PSI of 8898
12:15						Fix leaking chiksan, Re-pressure test lines to max PSI of 8934
12:33	0			53.2	4.3	Open well/ Start Claywater/ Brk @ 5909
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12:56	6597			203	28.3	Stg Acid Flush
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01:06	6650			553.2	28.2	Bioballs On
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02:48	6742			2342	58.6	4 # Terraprop Ultra On
02:53	6356			2581.4		Shutdown ISIP 6356 F.G. .94
03:10						Turn well over to wireline

Treating Pressure		Injection Rates		Shut In Pressures		Customer Rep.		
Minimum	6215	Treating Fluid	50.9	ISDP	79401	BJ Rep.	Paul Wells ANDRES P DURAN	
Maximum	7145	Flush	57.2	5 Min.	6126	Job Number	1001876775	
Average	6803	Average	50.9	10 Min.	6092	Rec. ID No.	515851891 A	
Operators Max. Pressure 7800				15 Min.	6072	Distribution		
				Final	6072	In	Min.	15
				Flush Dens. lb./gal.		8.34		





<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> Patented
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.		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>
		<b>7. UNIT or CA AGREEMENT NAME:</b>
<b>1. TYPE OF WELL</b> Oil Well	<b>8. WELL NAME and NUMBER:</b> ARNOLD 2-4B1E	
<b>2. NAME OF OPERATOR:</b> QUINEX ENERGY CORP	<b>9. API NUMBER:</b> 4304751566000	
<b>3. ADDRESS OF OPERATOR:</b> 465 South 200 West , Bountiful, UT, 84010	<b>PHONE NUMBER:</b> 801 292-3800 Ext	<b>9. FIELD and POOL or WILDCAT:</b> BLUEBELL
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2085 FNL 1665 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SWNE Section: 04 Township: 02.0S Range: 01.0E Meridian: U	<b>COUNTY:</b> UINTAH	
		<b>STATE:</b> UTAH

11.

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: 8/1/2015	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> <b>SUBSEQUENT REPORT</b> 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"/> <b>SPUD REPORT</b> Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<input type="checkbox"/> DEEPEN	<input checked="" 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 checked="" type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input checked="" 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 type="text"/>

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

Quinex Energy is proposing to recomplete the following well. The current BHA and production string will be pulled, and the well bore will be prepared for recompletion. We are proposing to reperforate this well from 12,650' to 11,314', and then perforate new zones from 11,270' to 8382'. A hydraulic slick water frac will then be applied to the newly perforated zones.

**Approved by the**  
**July 05, 2015**  
**Oil, Gas and Mining**

Date: \_\_\_\_\_

By: David K. Quin

<b>NAME (PLEASE PRINT)</b> Brad Wells	<b>PHONE NUMBER</b> 435 823-5323	<b>TITLE</b> Field Office Manager
<b>SIGNATURE</b> N/A	<b>DATE</b> 7/2/2015	