

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

FORM 3
AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL		1. WELL NAME and NUMBER Doug Chasel 4-7B2
2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>		3. FIELD OR WILDCAT BLUEBELL
4. TYPE OF WELL Oil Well Coalbed Methane Well: NO		5. UNIT or COMMUNITIZATION AGREEMENT NAME
6. NAME OF OPERATOR QUINEX ENERGY CORP		7. OPERATOR PHONE 801 292-3800
8. ADDRESS OF OPERATOR 465 South 200 West, Bountiful, UT, 84010		9. OPERATOR E-MAIL mike@quinexenergy.com
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) Patented	11. MINERAL OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>	12. SURFACE OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
13. NAME OF SURFACE OWNER (if box 12 = 'fee') John Chasel		14. SURFACE OWNER PHONE (if box 12 = 'fee') 1435229-3763
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee') 2285 Lucky John Dr., Park City, Ut 84060		16. SURFACE OWNER E-MAIL (if box 12 = 'fee')
17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')	18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>	19. SLANT VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>

20. LOCATION OF WELL	FOOTAGES	QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN
LOCATION AT SURFACE	1287 FSL 987 FWL	SWSW	7	2.0 S	2.0 W	U
Top of Uppermost Producing Zone	1287 FSL 987 FWL	SWSW	7	2.0 S	2.0 W	U
At Total Depth	1287 FSL 987 FWL	SWSW	7	2.0 S	2.0 W	U

21. COUNTY DUCHESNE	22. DISTANCE TO NEAREST LEASE LINE (Feet) 987	23. NUMBER OF ACRES IN DRILLING UNIT 640
25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completion) 1500	26. PROPOSED DEPTH MD: 13800 TVD: 13800	29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE #43-12366 & 43-12367
27. ELEVATION - GROUND LEVEL 5880	28. BOND NUMBER NZS499876	

Hole, Casing, and Cement Information										
String	Hole Size	Casing Size	Length	Weight	Grade & Thread	Max Mud Wt.	Cement	Sacks	Yield	Weight
Cond	15	13.375	0 - 4500	48.0	H-40 ST&C	8.4	Class G	260	1.15	15.8
Surf	12.25	9.625	0 - 4500	40.0	K-55 LT&C	8.9	Hi Lift "G"	500	3.82	11.0
							Class G	225	1.15	15.8
I1	8.75		0 - 10500	26.0	P-110 LT&C	11.0	Premium Lite High Strength	360	1.7	13.1
							Premium Lite High Strength	50	1.7	13.1
							Hi Lift "G"	160	3.82	11.0
							Hi Lift "G"	50	1.7	13.1
Prod	6.25	5	0 - 13800	18.0	P-110 LT&C	14.0	Class G	210	1.5	15.6

ATTACHMENTS

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

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input 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

NAME K. Michael Hebertson	TITLE Geologist	PHONE 801 292-3800
SIGNATURE	DATE 03/28/2012	EMAIL mike@quinexenergy.com
API NUMBER ASSIGNED 43047524690000	APPROVAL	

Received: April 12, 2012



QUINEX ENERGY CORPORATION

DRILLING PLAN

Doug Chasel 4-7B2

987' FWL, 1287' FSL SW1/4 SW1/4,

Section 7, T2S, R2W, USB&M

Duchesne County, Utah

Lease No: Chasel (Fee)

Bond Number: NZS499876

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	1,800.0 psi
Uinta Fm.	4,100'	Water & Gas	3,140.0 psi
Green River Formation	7,250'	Oil, Gas & Water	4,395.0 psi
Wasatch Transition	10,150'	Oil, Gas & Water	4,680.0 psi
Wasatch Formation	10,800'	Oil, Gas & Water	6,580.0 psi
Wasatch TD	12,900'	Oil, Gas & Water	

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

A 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 as required by OSHA regulations while drilling.

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

Weekly BOP tests will be held with each crew.

Other equipment will include:

- a. Mud logger with gas monitor. On at 7,000'
- b. Choke Manifold with one manual and one hydraulic operated choke
- c. Full opening floor valve with drill pipe thread
- d. Upper and lower Kelly Cock
- e. Shaker, desander, desilter, and mud cleaner

See the attached diagrams:

4. CASING AND CEMENTING PROGRAM:

Casing:

Conductor: Hole Size= 15" Casing Size= 13 3/8"
450' +/- 13 3/8 H40 48.00 lb

Surface: Hole Size= 12 1/4" Casing Size= 9 5/8"
4,500' +/- 9 5/8" 40# K55 LTC New API ERW Casing.

Notes: API setting depth for collapse is 7,790' +/- the safety factor

Tension with Long Couplings is 56,100 lbs +/- (SF)

Standard Mill Test: 3,000 psi.

80% min Yield Test: 3,600 psi.

Drift Diameter: 8.679

Coupling OD of 7" is 7.390"

Intermediate: Hole Size= 8 3/4" Casing Size= 7"

10,800' 7" 26# P110 LTC New Seamless API Casing.

Notes: API setting depth for Collapse is 14,810' + 1.8 (SF)

Tension with Long Couplings is 69,300 lbs +/- (SF)

Standard Mill Test: 9,100 psi.

Ultimate Yield: 12,930 psi

Drift Diameter: 6.151

Coupling OD: of 5" Flush Joint is 5.360

Production

10,500-13,800' (3,300') 5" 18# P110 Liner, New Seamless API Casing with Flush Joint

Premium Coupled Buttress Lock Thread™

Notes: API setting depth for Collapse is 13,470' + SF

Tension w/ Long Coupling is 58,700' + SF

Standard Mill Test: 10,000 psi

Ultimate Yield: 13,940 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.

Returned Unapproved

Cement Program:

Conductor will be 13 3/8 H40 48.00 lb casing set to 450' cemented to surface with sufficient redi-mix to bring the cement to surface.

1. 9 5/8 Surface Casing

TD 4500 ft
Hole Size 12 1/4 in
Casing Size 9 5/8 in
Tail Cement 4500 ft to 4000
Tail Cement excess 50 %
Lead Cement 4000 ft to surface
Lead Cement excess 50 %

Premium Hifill cmt 500 sks 11.0 #/gal 3.82 cuft/sk 23 gal/sk

Premium V cmt 100 % (BWOC)
Gel 6 % (BWOC)
Gilsomite 10 #/sk
Gr3 3 #/sk
Salt 3 % (BWOC)
Flocele 1/4 #/sk

Premium G Cmt 225 sks 15.8 #/gal 1.15 cuft/sk 5.0 gal/sk

Premium G Cmt 100 % (BWOC)
Calcium Chloride 2 % (BWOC)
Flocele 1/4 #/sk

Topout: Premium G Cmt 125 sks 15.8 #/gal 1.15 cuft/sk 5.0 gal/sk

Premium G Cmt 100 % (BWOC)
Calcium Chloride 2 % (BWOC)
Flocele 1/4 #/sk

2. 7 in Casing

TD 10500 ft
Hole Size 8 3/4 in
Casing Size 7 in
1st stage
Tail Cmt Coverage 10500ft to 7000 ft
Tail Cmt Excess 15 %
2nd stage
Lead Cmt Coverage 7000 ft to 3500
Lead Cmt Excess 15 %
Tail cmt across stage tool 50 sks

1 s t Stage: Cmt Prem. Lite 360 sks 13.1 #/gal 1.70 cuft/sk 7.7 gal/sk

Premium G Cmt 65 % (BWOC)
Poz 35 % (BWOP)
Gel 6 %
Salt 10 % (BWOW)

Gilsonite 10 #/sk
CFL 115 .2 %
Flocele ¼ # /sk

2 nd Stage: Premium Hifill cmt 160 sks 11.0 #/gal 3.82 cuft/sk 23 gal/sk

Premium V cmt 100 % (BWOC)

Gel 6 % (BWOC)

Gilsonite 10 #/sk

Gr3 3 #/sk

Salt 3 % (BWOC)

Flocele ¼ #/sk

Cmt Prem. Lite 50 sks 13.1 #/gal 1.70 cuft/sk 7.7 gal/sk

Premium G Cmt 65 % (BWOC)

Poz 35 % (BWOP)

Gel 6 %

Salt 10 % (BWOW)

Gilsonite 10 #/sk

CFL 115 .2 %

Flocele ¼ # /sk

3. 5" Liner

TD 13800 ft

Hole Size 6 ¼

Intermediate Casing @ 10500 ft

Cement Coverage 13800 ft to 10400 ft

Cement Excess 20 % (Gauge Hole)

Premium G Cmt 210 sks 15.6 #/gal 1.50 cuft/sk 6.6 gal/sk

Premium G Cmt 100 %

Silica Flour 35 % (BWOC)

CFL 33.6 %

CFL 175 .2 %

H₂O Retarder .2 %

Flocele ¼ # /sk

Cement volumes will be calculated from the open hole logs whenever possible. All casing strings will be cemented to surface or at least 100' up into the previous casing string.

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 along with a pit volume monitor and alarm.

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 @ 13,800'

Gamma Ray, Density Neutron, Resistivity, and Sonic or platform express.

Mud Log from 7,000' 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. Extra precaution will be taken to set casing and cement across this 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 and the mud program while drilling.

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.



QUINEX ENERGY CORPORATION

SURFACE USE PLAN

Doug Chasel 4-7B2

987' FWL, 1287' FSL SW1/4 SW1/4,
Section 7, T2S, R2W, USB&M
Duchesne County, Utah
Lease No: Chasel (Fee)
Bond Number: NZS499876

PRESITE INSPECTION:

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

ATTENDEES:

Paul Wells Representing the Surface Owner
Mike Hebertson Quinex Energy
Don Hamilton Buys & Associates
John Chasel Surface Owner
Oil, Gas & Mining

1. EXISTING ROADS

- A. The proposed well site is located approximately 13.1 miles west of Roosevelt, Utah.
- B. Directions to the location from Roosevelt, Utah are as follows:
Proceed west from the junction of US 40 and State Road 121 in Roosevelt, to the junction of State Road 121 and 200 north continue west until the road turns north into Hancock Cove the total distance is about 3 miles. Continue north on State Road 121 1.5 miles and turn left on the road to Bluebell. Continue west from the junction 7 miles and turn left onto the road on the west side of Dry Gulch. One mile from the junction of the Bluebell Highway and Dry Gulch the road will turn left across the creek and continue easterly to the well.
- C. Four tenths of a mile of new road will be required to access this location. Permits and Rights-of-Way will be obtained prior to construction.
- D. For location of access roads within a 1 Mile radius, see Map A & Sheet 1.
- E. Improvement to existing main roads will not be required.
- F. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.
- G. 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 0.4 (2,119') miles of new access to be constructed.
- B. The maximum grade will not exceed 6%.
- 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 if required, and the location and road will be fenced as required by the surface owner and if security issues become a problem.
- 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 Duchesne 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: 1 Permit No. 43-12310 in the SE ¼ Underground 8 inch well 300' deep
- B.** Injection Wells: 0
- C.** Producing Wells: 4
- D.** Drilling Wells: 0
- E.** Shut-In Wells: 0
- F.** Temp Abandoned: 0
- G.** Disposal Wells: 0
- H.** P&A Wells: 3

See the attached plats from State Data Bases

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 blend with the landscape probably Desert Tan or similar. 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 berm and the Battery itself will have its own berm 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.
- H. All site security guidelines will be adhered to.
- I. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- J. The road will be maintained in a safe useable condition.
- K. Produced water will be stored in a 500 bbl heated insulated tank. Water will be hauled to a commercial disposal site.
- L. 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 Hamacker under permits 43-12366 or 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 more easterly side of the location.
- C.** The flare pit will be located on the south 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 north east and south 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 west as shown on the Pit & Pad Layout sheet 2.
- 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 drilling rig that will be used to drill this well.
- 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 clean up.

10. Plans for Surface Restoration

A surface use agreement will be executed with John Chase 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, material, 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.

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 Per. 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

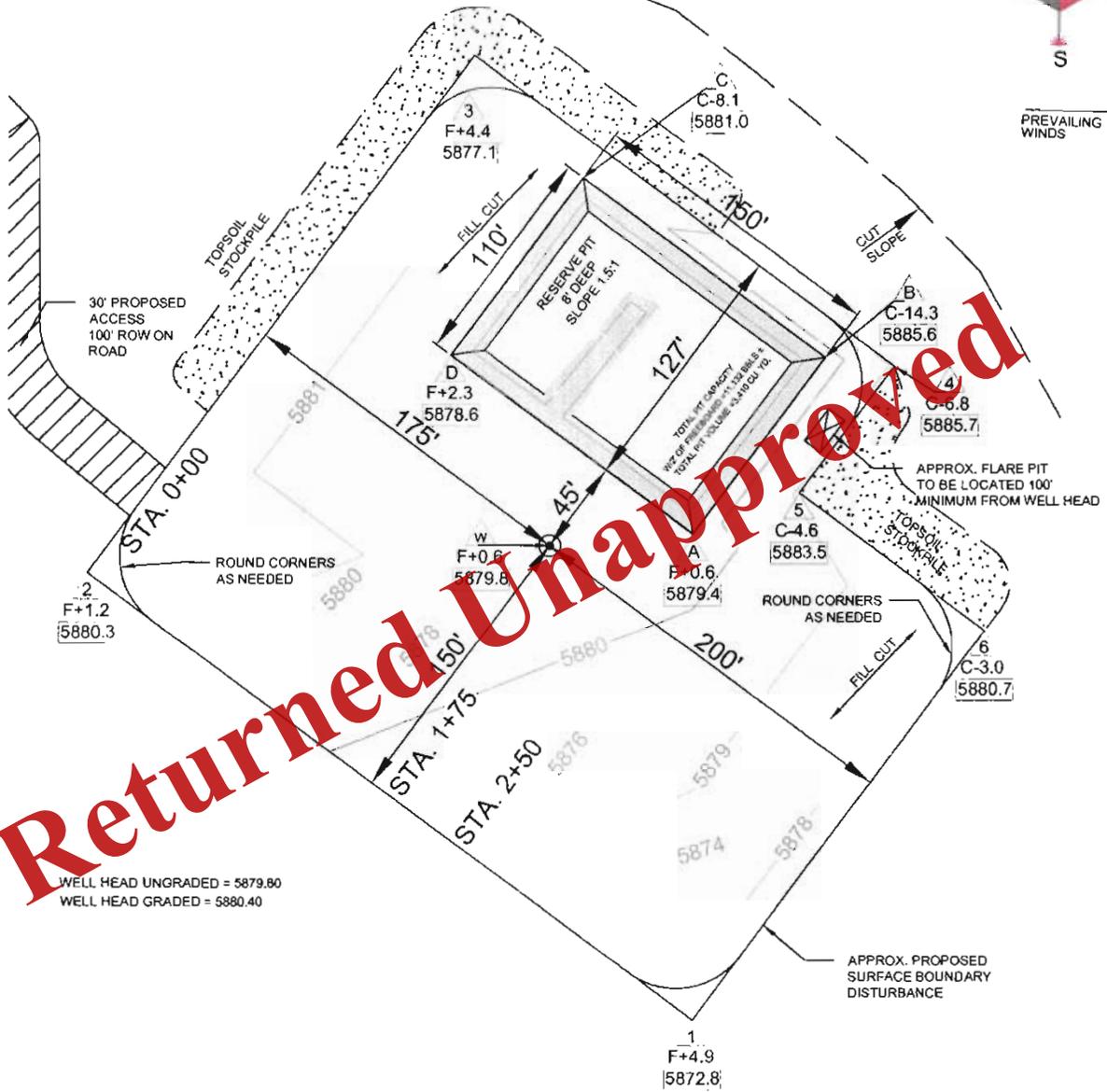
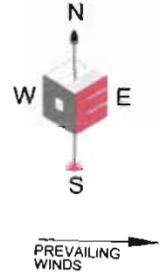
Casing String and Cementing Twenty four (24) hours prior to construction of location and access

BOP and Equipment Tests Twenty four (24) hours prior to construction of location and access

First Production Notice Thirty days after First Sales



QUINEX ENERGY CORPORATION
DOUG CHASEL 4-7B2



WELL HEAD UNGRADED = 5879.80
WELL HEAD GRADED = 5880.40

- LEGEND**
- = PROPOSED WELL LOCATION
 - = EXISTING CONTOURS
 - = PROPOSED CONTOURS

SUMMARY

EXISTING GRADE @ CENTER OF WELL = 5879.77
FINISH GRADE ELEVATION = 5880.35
CUT SLOPES = 1.5 : 1
FILL SLOPES = 1.5 : 1
TOTAL WELL PAD AREA = 2.56 ACRES
TOTAL DISTURBED AREA = 2.91 ACRES

QUANTITIES
TOTAL CUT = 8,014.79 CU. YD.
TOTAL FILL = 6,475.17 CU. YD.
TOPSOIL AT 6" DEPTH = 2,067.87 CU. YD.
EXCESS MATERIAL = 1525.82 CU. YD.
*all quantities include reserve oil plus 2' of frostboard



QUINEX ENERGY CORPORATION

DOUG CHASEL 4-7B2
SECTION 7, T2S, R2W, U.S.M.
987' FWL 1287' FSL

OUTLAW ENGINEERING INC.
P.O. BOX 1800 ROOSEVELT,
UTAH 84096
(435) 232-4321



PAD/PIT GRADING

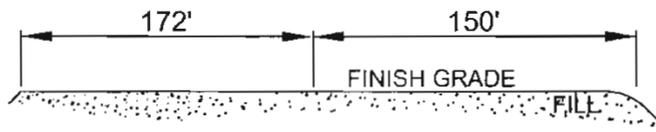
SURVEYED: 2/16/2012
DRAWN: 2/18/2012
SCALE: 1" = 30'
DESIGN: RF DRAWN: JCR

SHEET NO. 2

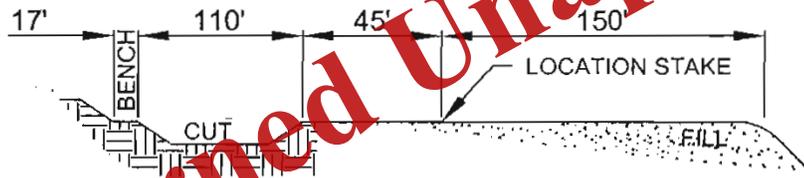
DOUG CHASEL 4-7B2



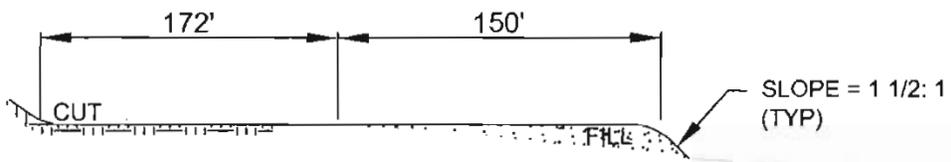
QUINEX ENERGY CORPORATION



STA. 0+00



STA. 1+75



STA. 2+50

Returned Unapproved

- LEGEND**
- = PROPOSED WELL LOCATION
 - = EXISTING CONTOURS
 - = PROPOSED CONTOURS

SUMMARY

EXISTING GRADE @ CENTER OF WELL = 5679.77
 FINISH GRADE ELEVATION = 5880.35
 CUT SLOPES = 1.5 : 1
 FILL SLOPES = 1.5 : 1
 TOTAL WELL PAD AREA = 2.58 ACRES
 TOTAL DISTURBED AREA = 2.91 ACRES

QUANTITIES

TOTAL CUT = 8,014.79 CU. YD.
 TOTAL FILL = 6,479.17 CU. YD.
 TOPSOIL AT 6" DEPTH = 2,067.87 CU. YD.
 EXCESS MATERIAL = 1535.62 CU. YD.
 *all quantities include reserve pit plus 2' of freeboard

QUINEX ENERGY CORPORATION

DOUG CHASEL 4-7B2
SECTION 7, T2S, R2W, U.S.M.
987' FWL 1287' FSL

SECTION VIEWS

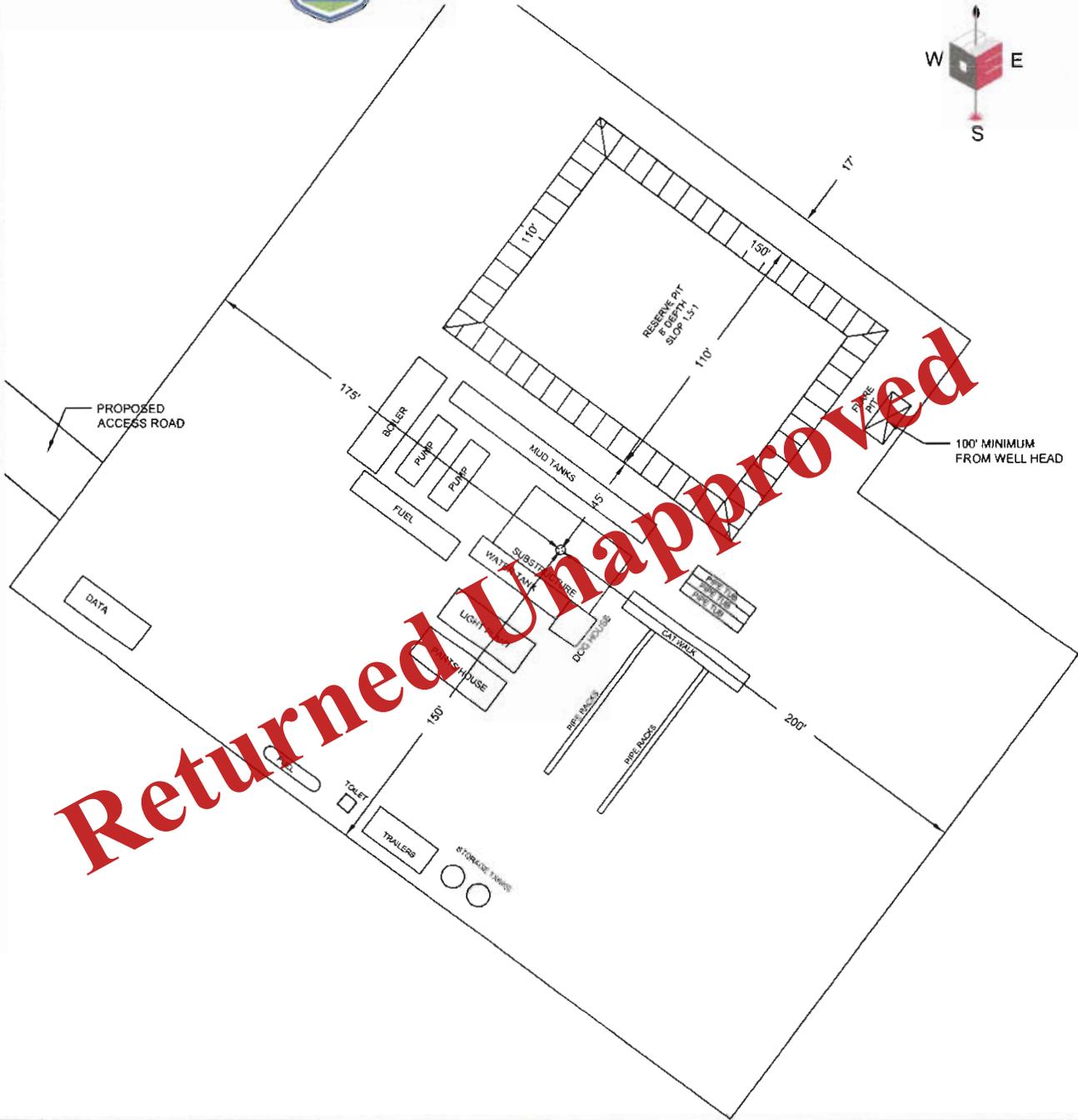
FEBRUARY 27, 2012	SHEET NO. 3
SCALE: NTS	
DESIGN: RF DRAWN: JCR	

OUTLAW ENGINEERING INC.
 P.O. BOX 1800 ROOSEVELT,
 UTAH 84086
 (435) 232-4321





QUINEX ENERGY CORPORATION
DOUG CHASEL 4-7B2



Returned Unapproved

- LEGEND**
- ⊙ = PROPOSED WELL LOCATION
 - = EXISTING CONTOURS
 - - - = PROPOSED CONTOURS

OUTLAW ENGINEERING INC.
 P.O. BOX 1800 ROOSEVELT,
 UTAH 84098
 (435) 232-4321



QUINEX ENERGY CORPORATION

DOUG CHASEL 4-7B2
SECTION 7, T2S, R2W, U.S.M.
987' FWL 1287' FSL

TYPICAL RIG LAYOUT

SURVEYED: 2/10/2012
 DRAWN: 2/18/2012
 SCALE: 1" = 80'
 DESIGN: RF DRAWN: JCR

SHEET NO. 4



LOOKING SOUTHERLY



LOOKING WESTERLY

Returned Unapproved

LEGEND

-  = PROPOSED WELL LOCATION
-  = EXISTING CONTOURS
-  = PROPOSED CONTOURS

SUMMARY

EXISTING GRADE @ CENTER OF WELL = 5879.77
 FINISH GRADE ELEVATION = 5880.35'
 CUT SLOPES = 1.5 : 1
 FILL SLOPES = 2 : 1
 TOTAL WELL PAD AREA = 2.56 ACRES
 TOTAL DISTURBED AREA = 2.91 ACRES

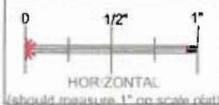
QUANTITIES
 TOTAL CUT = 8,014.79 CU. YD.
 TOTAL FILL = 6,479.17 CU. YD.
 TOPSOIL AT 6" DEPTH = 2,067.87 CU. YD.
 EXCESS MATERIAL = 1535.62 CU. YD.
 *all quantities include reserve pit plus 2' of freeboard



QUINEX ENERGY CORPORATION

DOUG CHASEL 4-7B2
 SECTION 7, T2S, R2W, U.S.M.
 987' FWL 1287' FSL

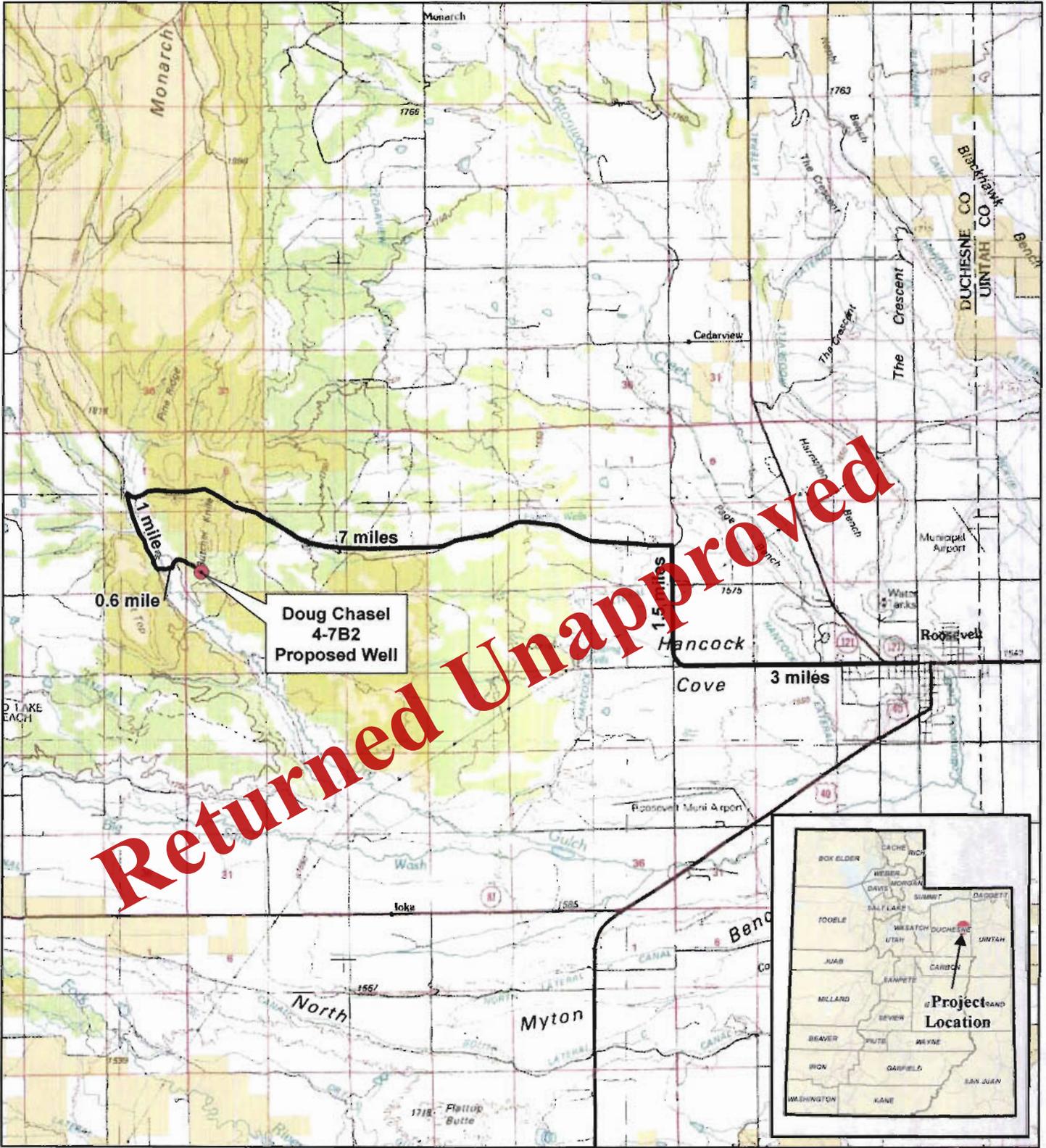
OUTLAW ENGINEERING INC.
 P.O. BOX 1800 ROOSEVELT,
 UTAH 84096
 (435) 232-4321



LOCATION PHOTOS

FEBRUARY 27, 2012
 SCALE: NTS
 DESIGN: RF DRAWN: JCR

SHEET NO. 5



OUTLAW ENGINEERING INC.

USGS 7.5' Bluebell Quadrangle

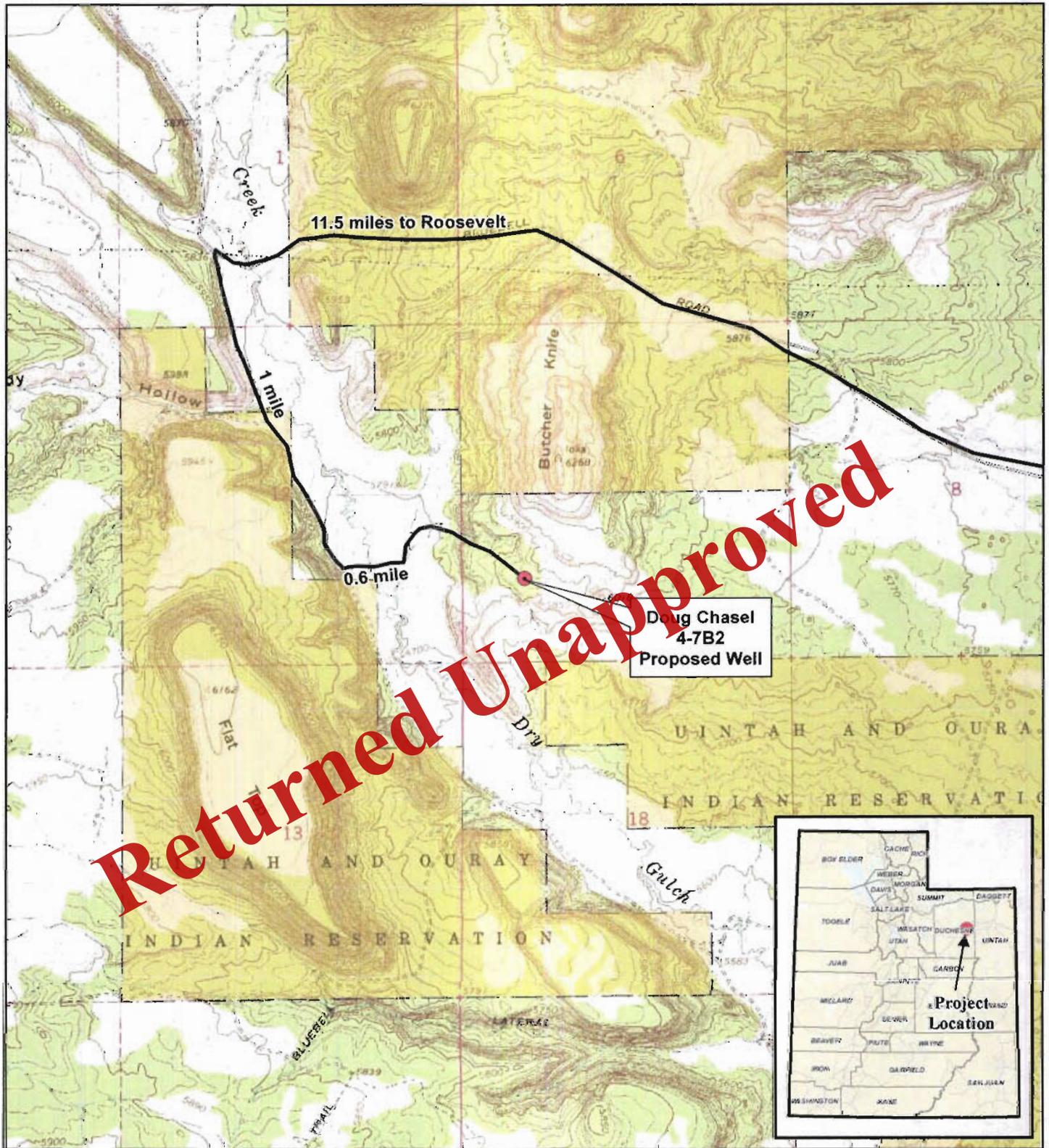
Legend

- Proposed Well
- Access Road
- Tribal

QUINEX ENERGY CORP
 DOUG CHASEL 4-7B2
 SECTION 7, T2S, R2W USBM



ACCESS ROAD	MARCH 2012	SHEET A
	SCALE: 1:100,000	



Returned Unapproved



Legend

- Proposed Well
- Access Road
- Tribal



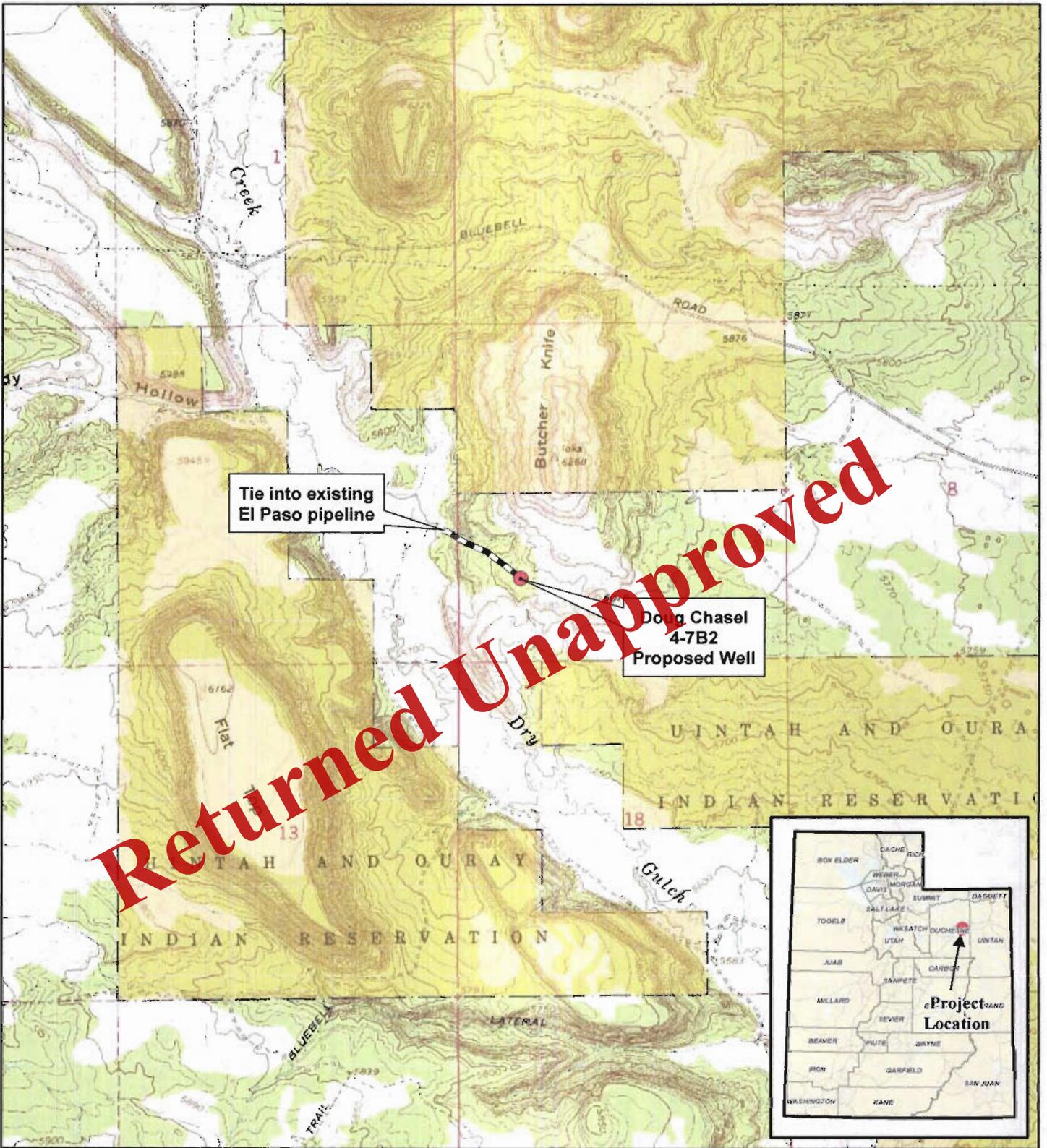
USGS 7.5' Bluebell Quadrangle

QUINEX ENERGY CORP

DOUG CHASEL 4-7B2
SECTION 7, T2S, R2W USBM



ACCESS ROAD	MARCH 2012	SHEET B
	SCALE: 1:24,000	
	1 INCH = 2,000 FEET	




OUTLAW
ENGINEERING INC.

USGS 7.5' Bluebell Quadrangle

Legend

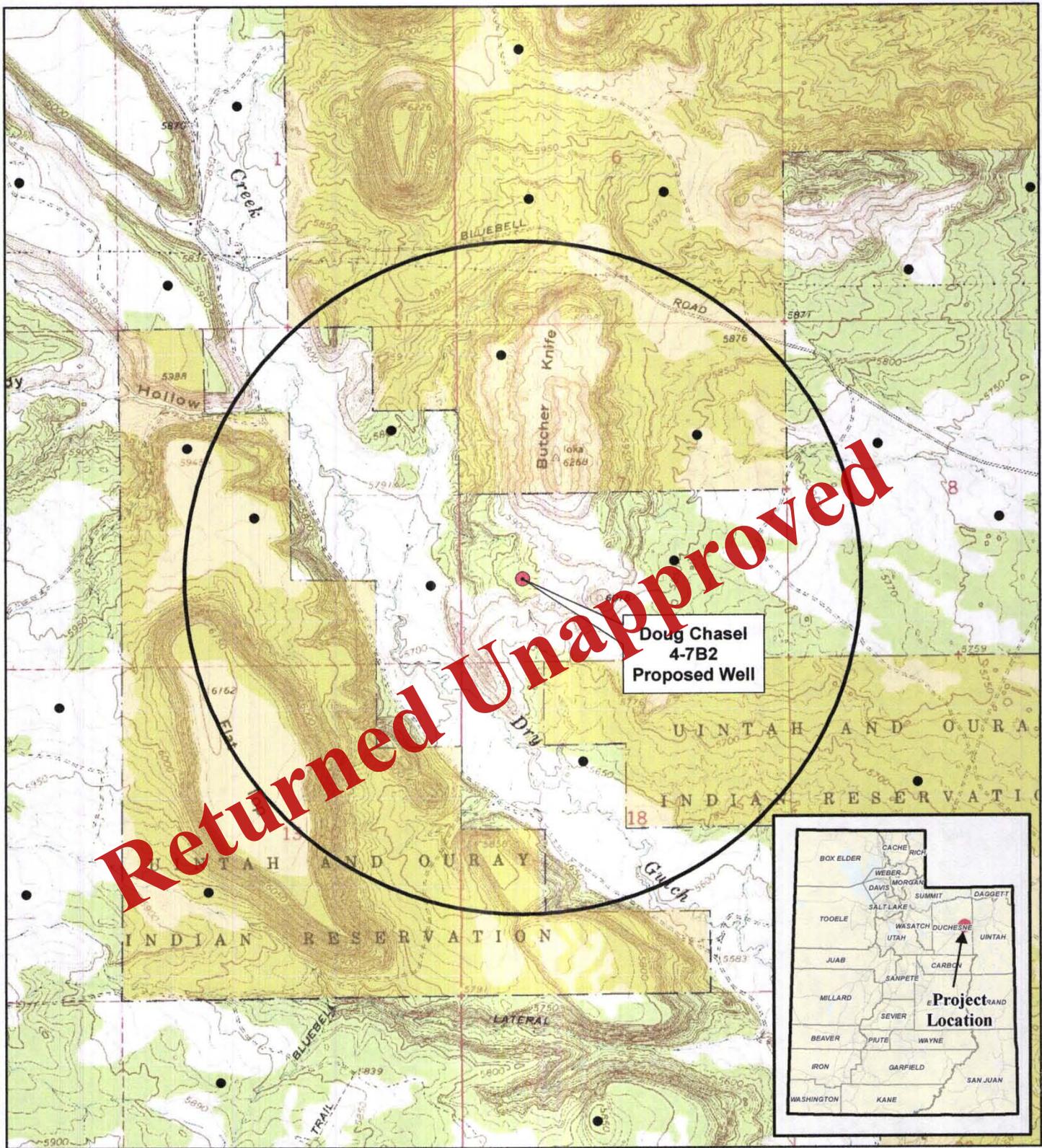
- Proposed Well
- Proposed Pipeline
- Tribal



QUINEX ENERGY CORP
DOUG CHASEL 4-7B2
SECTION 7, T2S, R2W USBM



PROPOSED PIPELINE	MARCH 2012	SHEET C
	SCALE: 1:24,000	
	1 INCH = 2,000 FEET	



Returned Unapproved

**Doug Chasel
4-7B2
Proposed Well**





Legend

- Proposed Well
- Existing Well
- One Mile Radius
- Tribal



USGS 7.5' Bluebell Quadrangle

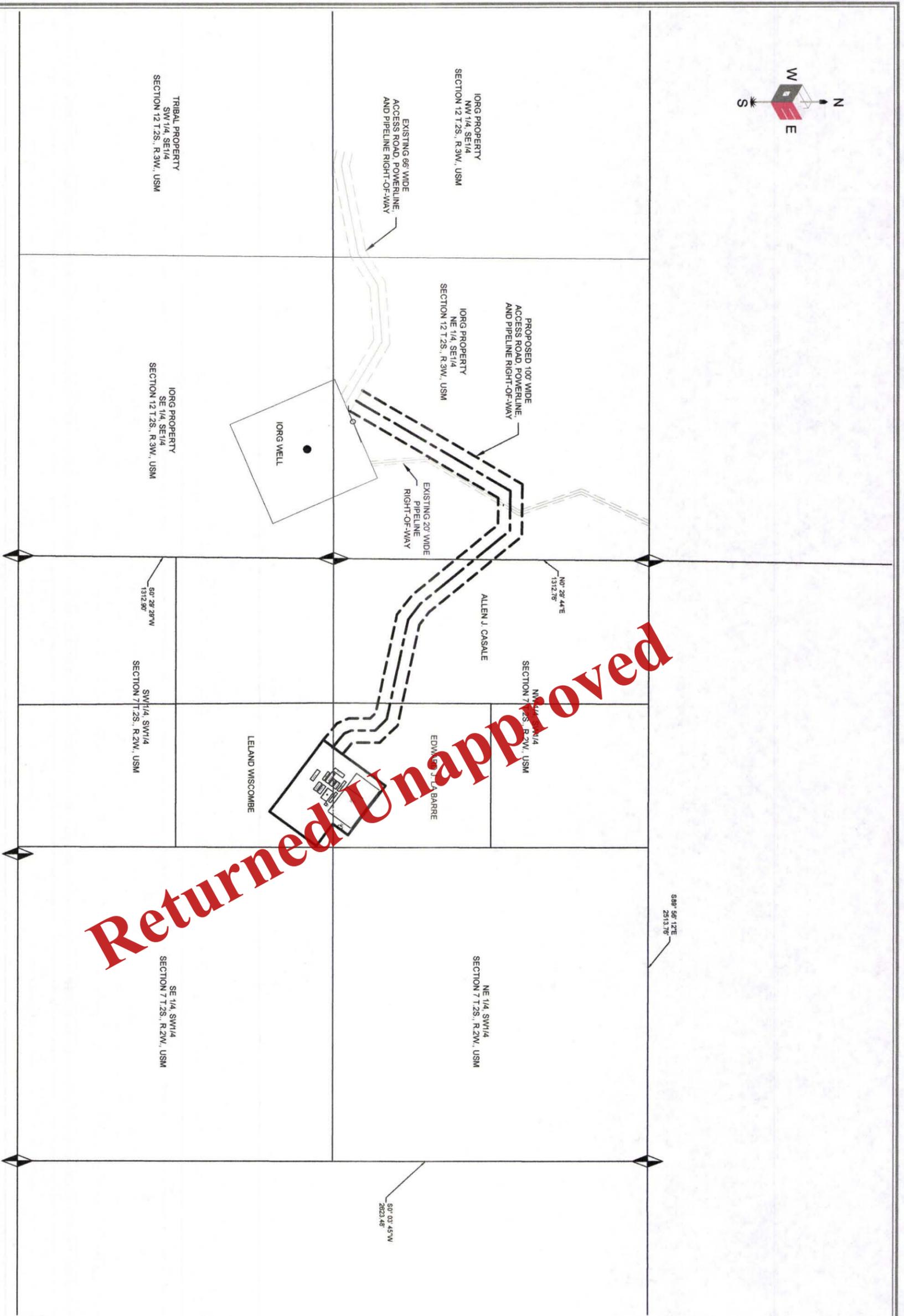
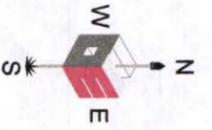
QUINEX ENERGY CORP

DOUG CHASEL 4-7B2

SECTION 7, T2S, R2W USBM



TOPOGRAPHIC MAP	MARCH 2012	SHEET D
	SCALE: 1:24,000	
	1 INCH = 2,000 FEET	



Returned Unapproved

THESE DRAWINGS, OR ANY PORTION THEREOF, SHALL NOT BE USED ON ANY PROJECT OR EXTENSION OF THIS PROJECT EXCEPT BY AGREEMENT IN WRITING WITH OUTLAW ENGINEERING, INC.

REVISIONS				
1.				

DESIGNER: DEK | REVIEWED: DEK | DRAWN: JCR

PROJECT
 PROPOSED ACCESS TO
 QUINEX WELL
 SECTION 7, T. 2 S., R. 2 W., USM

SHEET
 EXHIBIT



JOB NO. | SHEET NO. 1 OF 1

Utah Oil and Gas Map



Returned Unapproved


[Online Services](#)
[Agency List](#)
[Business](#)

Utah Division of Water Rights 

Search of TOWNSHIP = '2S' and RANGE = '2W' and SECTION_NO = '07' and BEM = 'US'

WR Number	Diversion Type	Well Log	Location	Status	Priority	Uses	CFS	ACFT	Owner Name
43-12310	Underground	434809	N1200 W180 SE 07 2S 2W US A	20100405	DIS	0.000	1.480	ADAM FOSTER	

Utah Division of Water Rights | 1594 West North Temple Suite 220, P.O. Box 146300, Salt Lake City, Utah 84114-6300 | 801-538-7240
[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#) | [Emergency Evacuation Plan](#)

Returned Unapproved


[Online Services](#)
[Agency List](#)
[Business](#)

Utah Division of Water Rights

Select Related Information

(WARNING: Water Rights makes NO claims as to the accuracy of this data.) RUN DATE: 03/20/2012

WATER RIGHT: **43-12310** APPLICATION/CLAIM NO.: **A78802** CERT. NO.:

OWNERSHIP*****

NAME: Adam Foster
 ADDR: 1311 East Claybourne Ave
 Salt Lake City, UT 84106

DATES, ETC.*****

LAND OWNED BY APPLICANT? Yes COUNTY TAX ID#: 00-0014-4794
 FILED: 04/05/2010 PRIORITY: 04/05/2010 PUB BEGAN: 04/13/2010 PUB ENDED: 04/20/2010 NEWSPAPER: Uintah Basin Standard
 ProtestEnd:05/10/2010 PROTESTED: [No] HEARNG HLD: [SE ACTION: [Approved] ActionDate:05/13/2010 PROOF DUE: 05/31/2015
 EXTENSION: [ELEC/PROOF:[] ELEC/PROOF: [CERT/WUC: [LAP, ETC: [LAPS LETTER:
 RUSH LETTR:04/05/2010 RENOVA TE: [RECON REQ: [TYPE: [] 50YR DATE: 05/13/2060
 PD BOOK: [43-] MAP: [] PUB DATE:

*TYPE -- DOCUMENT -- STATUS--
 Type of Right: Application to Appropriate Source of Info: Application to Appropriate Status: Approved

LOCATION OF WATER RIGHT*** (Points of Diversion: Click on Location to access PLAT Program.)***** [MAP VIEWER](#) * [GOOGLE VIEW](#)*

FLOW: 1.48 acre-feet SOURCE: Underground Water Well
 COUNTY: Duchesne COMMON DESCRIPTION: 7 miles Northwest Roosevelt

POINT OF DIVERSION -- UNDERGROUND: (Click Well ID# link for more well data.)

(1) N 1200 ft W 180 ft from SE cor, Sec 07, T 2S, R 2W, USM

DIAMETER OF WELL: 8 ins. DEPTH: 300 to ft. YEAR DRILLED: WELL LOG? No WELL ID#: 44

USES OF WATER RIGHT***** ELU -- Equivalent Livestock Unit (cow, horse, etc.) ** EDU -- Equivalent Domestic Unit or 1 Family

SUPPLEMENTAL GROUP NO.: 630402.

IRRIGATION: 0.25 acres Div Limit: 0.0 acft. PERIOD OF USE: 04/01 TO 10/31
 STOCKWATER: 10.0000 Stock Units Div Limit: PERIOD OF USE: 01/01 TO 12/31
 DOMESTIC: 1.0000 EDUs Div Limit: PERIOD OF USE: 01/01 TO 12/31

##PLACE OF USE:

NORTH WEST QUARTER				NORTH EAST QUARTER				SOUTH WEST QUARTER				SOUTH EAST QUARTER			
NW	NE	SW	SE												

Sec 07 T 2S R 2W USM

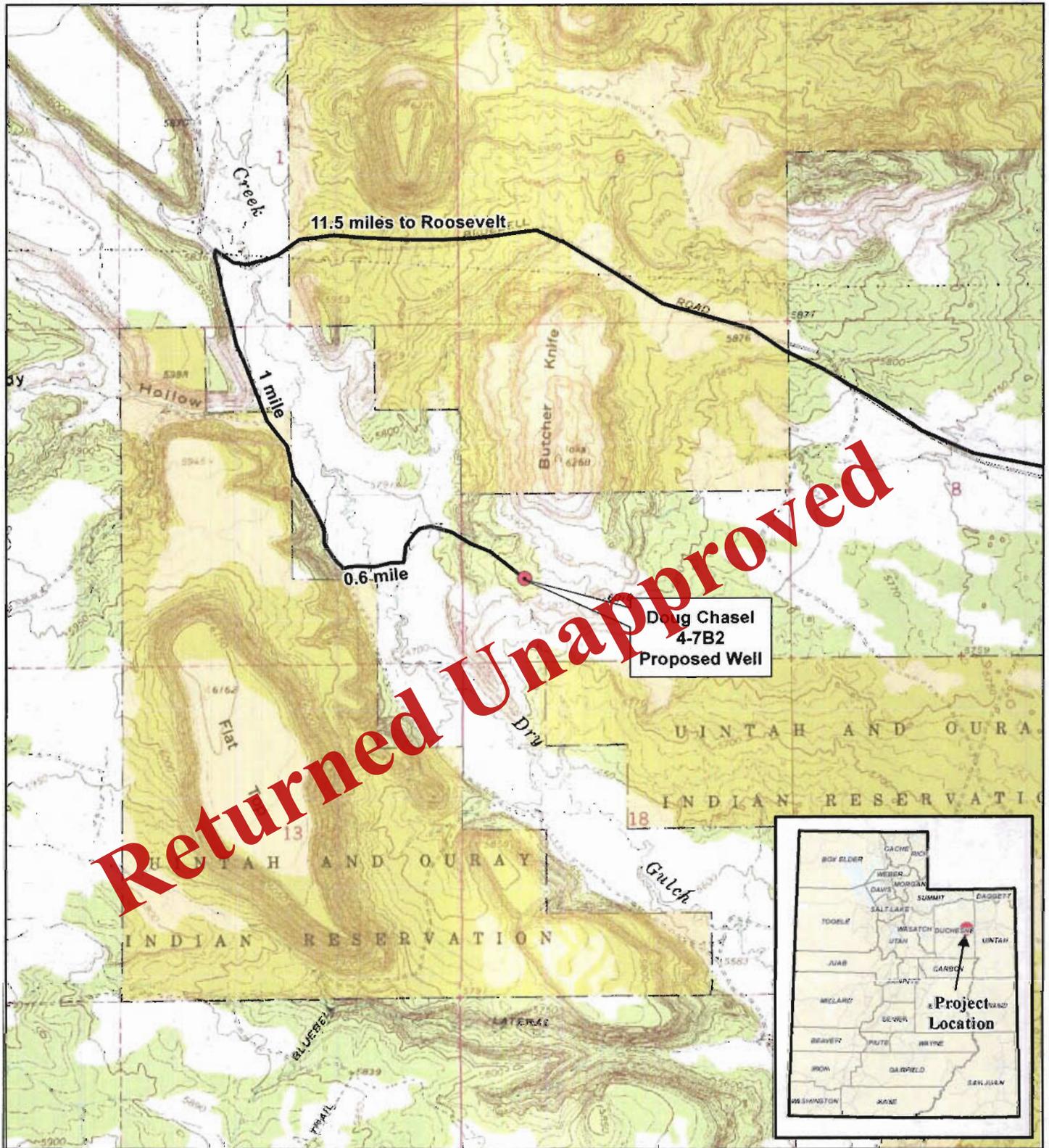
SEGREGATION HISTORY*****

This Right as originally filed

QUANTITY IN	--WATER USES--							
	ACRE-FEET	IRRIGATED	STOCK	DOMESTIC	MUNICIPAL	MINING	POWER	OTHER
1.48	0.2500	10.0000	1.0000					

*****END OF DATA*****







Legend

- Proposed Well
- Access Road
- Tribal



USGS 7.5' Bluebell Quadrangle

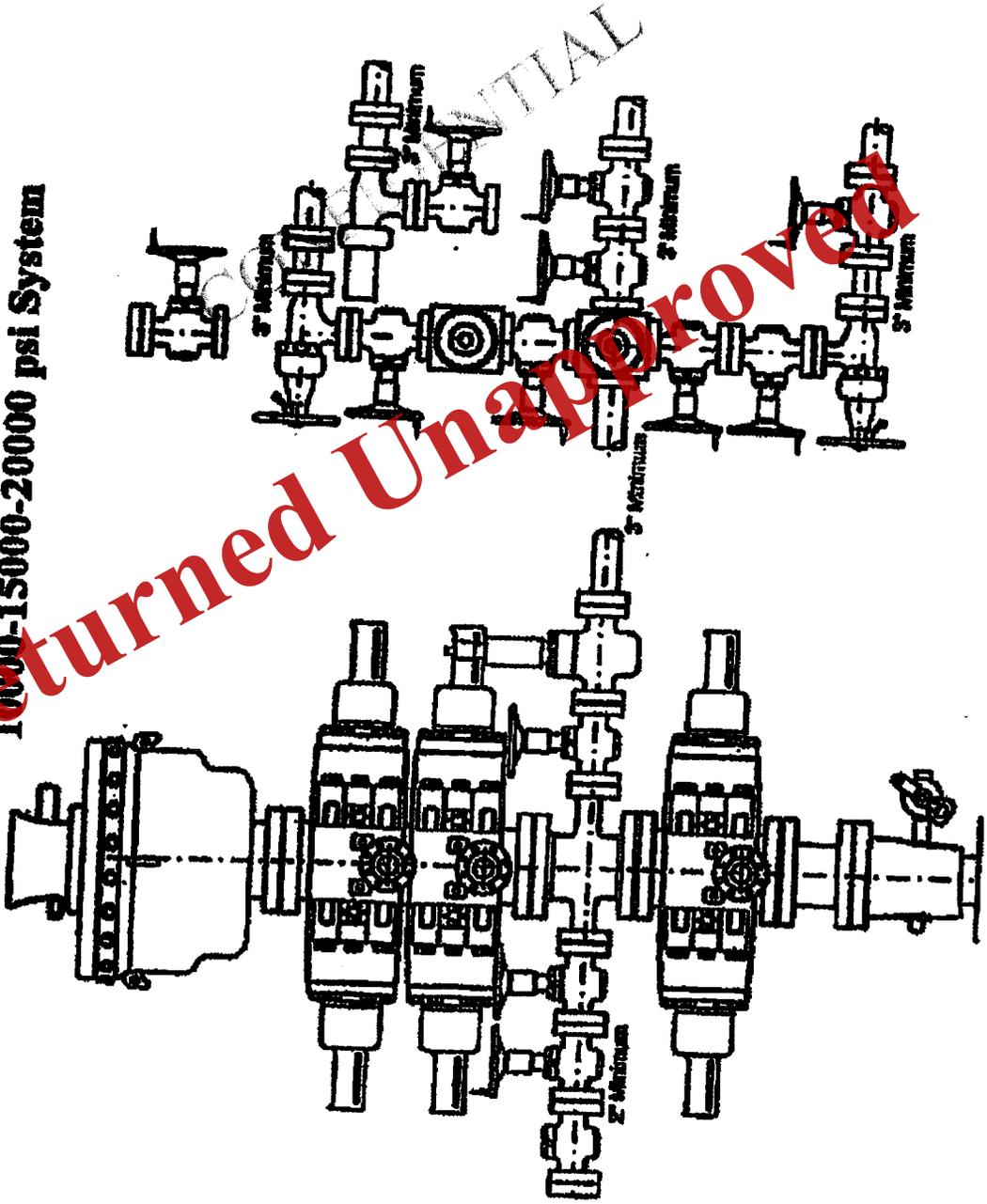
QUINEX ENERGY CORP

DOUG CHASEL 4-7B2
SECTION 7, T2S, R2W USBM



ACCESS ROAD	MARCH 2012	SHEET B
	SCALE: 1:24,000	
	1 INCH = 2,000 FEET	

10000-15000-20000 psi System





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

April 12, 2012

QUINEX ENERGY CORP
465 South 200 West
Bountiful, UT 84010

Re: Application for Permit to Drill - DUCHESNE County, Utah

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the Doug Chasel 4-7B2 well, API 43047524690000 that was submitted March 28, 2012 is being returned unapproved. If you plan on drilling this well in the future, you must first submit a new application.

Should you have any questions regarding this matter, please call me at (801) 538-5312.

Sincerely,

Diana Mason
Environmental Scientist

Enclosure

cc: Bureau of Land Management, Vernal, Utah

