

BEFORE THE UNITED STATES DEPARTMENT OF THE INTERIOR

In the matters of:

Quinex Energy Corporation and DOI Case No. 12-0016-01
Paul A. Wells DOI Case No. 12-0016-00

COMPLIANCE AND ETHICS AGREEMENT

This Compliance and Ethics Agreement (Agreement) is entered into between and among Quinex Energy Corporation (Quinex) and Paul A. Wells and the United States Department of the Interior (DOI) to resolve the proposed debarments of Quinex and Paul A. Wells, dated June 14, 2012 (the Proposed Debarments).

I. Preamble

- A. Quinex is a closely-held, for-profit corporation chartered in Utah on July 13, 1984. It is an operator of oil and gas wells affecting Federal, Indian, and private oil and gas leases in the Uinta Basin in Utah.
- B. On or about June 2007, as a result of violations found on well sites operated by an unrelated company, the Bureau of Land Management (BLM) conducted inspections of the well sites operated by companies in or around the Uinta Basin, including those operated by Quinex as part of a DOI OIG and BLM joint investigation. BLM found that on twelve wells operated by Quinex, Quinex had modified the well equalizer valve handles or disabled the equalizer between storage tanks to appear closed, when they were open, so that the valves would not actually isolate the sales tank in the sales phase, in violation of BLM's regulations at 43 C.F.R. § 3162.7-5(b)(1), (4), and Onshore Oil and Gas Order Number 3, § III.A.1.b. and g., concerning site security. Quinex omitted depicting the equalizer line or equalizer valves on several of its facility diagrams as required by the regulation at 43 C.F.R. § 3162.7-5(d)(1), (3).
- C. In June 2007, BLM inspected approximately 531 oil wells within the BLM Vernal Field Office area of responsibility, which were operated by 18 other oil producing companies, based on information developed from a separate investigation. The inspections were conducted to determine if other oil companies had altered equalizer valves. The Quinex equalizer valve violations were detected during these inspections.
- D. Paul A. Wells is Quinex's former Production Foreman in the field. He is also the former Vice President of Field Operations and a former member of Quinex's Board of Directors. Paul A. Wells had the extension handles, which provided pumpers ground-level access to the valves, welded backwards to give the appearance that the valves were closed, when they were actually open.
- E. On February 26, 2013, Paul A. Wells resigned as Production Foreman in the field, Vice President of Field Operations and as a member of the Quinex board of directors, and since his resignation has not held any management positions at Quinex.

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- F. On August 4, 2011, Quinex signed an Agreement and Mutual Release with BLM, wherein Quinex agreed to pay \$100,000 in civil penalties under 30 U.S.C. § 1719(d) and 43 C.F.R. § 3163.2(f)(1).
- G. On June 14, 2012, the DOI proposed to debar Quinex and Paul A. Wells from participating in Federal nonprocurement awards based on the incidents that led to the 2011 Agreement and Mutual Release between Quinex and BLM. The proposal was made pursuant to the authority and in accordance with the procedures of the Nonprocurement Suspension and Debarment Rule at 2 C.F.R. Part 180, adopted by the DOI at 2 C.F.R. Part 1400.
- H. Therefore, in consideration of the promises, undertakings, and releases stated herein, the sufficiency of which consideration is hereby acknowledged, the undersigned Parties agree as follows:

II. Terms and Conditions

1. **TERM.** The period of this Agreement will be three (3) years from its Effective Date. The Effective Date will be the date this Agreement is signed by Debra E. Sonderman, Director, Office of Acquisition and Property Management, who also serves as the DOI's Suspending and Debarring Official (SDO).
2. **TERMINATION OF PROPOSED DEBARMENTS.** Effective upon the execution this Agreement by the SDO, the proposed debarments of Quinex and Paul A. Wells will terminate.
3. **RESIGNATION OF PAUL A. WELLS.** DOI OIG recognizes Paul A. Wells's resignation, which became effective on February 26, 2013. His resignation will last for two years from his February 26, 2013, resignation date. Paul A. Wells may still work as an employee of Quinex, but will not be an officer and will not be responsible for overseeing field operations or making decisions about whether or not field decisions are "major violations" as defined in 43 C.F.R. § 3160.0-5.
4. **REPLACEMENT OF PAUL A. WELLS.** Quinex will assign Paul A. Wells' duties as Production Foreman and supervisor of Quinex's field operations to another employee.
5. **CONTRACTOR CODE OF BUSINESS ETHICS AND CONDUCT AND COMPLIANCE TRAINING.**
 - (a) **Training by Outside Contractor.** Quinex will enhance its existing compliance and ethics program. Specifically, Quinex will hire an outside contractor, who is approved by the DOI, to conduct a training module on laws and regulations applicable to Federal Government and Indian oil and gas leases and another training module on compliance and ethics. Quinex will hire the outside contractor within **thirty (30) calendar days** of the Effective Date of this agreement. This period may be extended by the SDO as she deems appropriate. Quinex will submit the syllabus and training material for the training mentioned above to the DOI for approval. These training modules will be attended by all Quinex managers and employees

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involved in the management or operation of Federal Government and Indian oil and gas leases. Quinex will provide a list of managers and employees involved in the management or operation of Federal Government and Indian oil and gas leases to the DOI and DOI OIG within two (2) weeks of the Effective Date of this Agreement. Quinex will complete this training by April 30, 2015. These training modules may be conducted on the same day, so long as the two modules are discretely conducted and their topics are discretely addressed.

(b) Training on Code of Business Ethics and Conduct. To the extent they exist, other Quinex employees who are not involved in the management or operation of Federal Government and Indian oil and gas leases, but who directly or indirectly perform services in connection with Federal Government and Indian oil and gas leases will receive training on the Quinex Code of Business Ethics and Conduct. Quinex will provide a list of such employees to the DOI and DOI OIG within two (2) weeks of the Effective Date of this Agreement. Quinex will submit the syllabus and training material for this training to the DOI for approval. Quinex will complete this training by April 30, 2015. The employees included in the list provided by Quinex to the DOI and DOI OIG may receive this training by attending the same module on compliance and ethics described in Subparagraph 5(a) above.

(c) Training on Quarterly Basis. Beginning in the fourth _____ quarter of 2015, and continuing for each quarter for the duration of this Agreement, Quinex will conduct quarterly seminars focused primarily on the compliance aspects of Federal Government and Indian oil and gas leases. These supplementary training sessions will be attended by all Quinex managers and employees involved in the management or operation of Federal Government and Indian oil and gas leases.

(d) Training on Annual Basis. In addition, beginning in the fourth quarter of 2015, and continuing annually for the duration of this Agreement, Quinex will conduct seminars focused primarily on ethics. These supplementary training sessions will be attended by all Quinex managers and employees.

(e) Annual Manager and Employee Performance Review. Quinex will also include compliance with the Quinex Code of Ethics and Conduct as an element of the Quinex annual manager and employee performance review.

6. TRAINING SCHEDULE. Within thirty (30) business days of the Effective Date of this Agreement, Quinex will submit a training schedule to the DOI setting forth the dates for the quarterly training referenced above, and identifying where the training will take place.

7. DISTRIBUTION OF CODE OF ETHICS AND CONDUCT. Quinex will distribute its Code of Business Ethics and Conduct (or any updates thereto) to all employees and managers, and require that each of its employees and managers certify that he or she (a) has received a copy of and understands the policy, and (b) has been advised that compliance with the policy is a condition of continued Quinex employment (to the extent permitted by law).

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8. INTERNAL INVESTIGATIONS. Quinex will appoint a Compliance Officer (*see* Paragraph 12 below). Also, Quinex will create a policy and procedure detailing how all internal investigations will be conducted, documented and reported to ensure:

- (a) Compliance Officer's awareness of all complaints and allegations concerning compliance violations and/or ethical misconduct;
- (b) Compliance Officer's oversight of all internal investigations involving compliance violations and/or ethical misconduct
- (c) The conduct of all internal investigations in a manner that satisfies independence requirements and best practices;
- (d) Anonymity of complainants, as appropriate;
- (e) Appropriate notifications are made to the Board and/or Executive Management;
- (f) Appropriate disciplinary actions or criminal referrals are made for those violating policies, laws or regulations;
- (g) Persons in "gatekeeper" or internal control roles are held accountable for failures;
- (h) Disclosures are made to Federal officials in compliance with best practices;
- (i) Identification and remediation of any internal control failures or weaknesses;
- (j) Application and effectiveness of Quinex's Non-Retaliation Policy;
- (k) Complainants are updated on actions and results of investigative actions, as appropriate;
- (l) Compliance Officer includes a listing of all complaints, allegations and investigations to the Board in his reports to the Board;
- (m) Documentation of investigation in a manner that complies with investigative best practices (i.e., memoranda of interviews, audits, etc.); and
- (n) Formalized reports detailing the investigation and findings.

9. NEWLY HIRED EMPLOYEES. All newly hired employees and managers will receive compliance and ethics training (which may be tailored to their function) within **sixty (60) calendar days** of the commencement of their employment with Quinex.

10. TOLL-FREE HOTLINE. Quinex will establish a toll-free, dedicated hotline along with online capability to anonymously report suspected misconduct related to Federal

Government and Indian oil and gas leases. Quinex will publicize the existence of the toll-free, dedicated hotline and online reporting capability to all Quinex employees by displaying posters in common work areas at Quinex.

11. **DOI OIG FRAUD AWARENESS TRAINING.** Quinex will permit DOI OIG to conduct fraud awareness training in its Bountiful, Utah office as necessary for the duration of this Agreement. These training sessions will be attended by all Quinex managers and employees involved in the management or operation of Federal Government and Indian oil and gas leases. This training will be provided at no cost to Quinex.

12. **COMPLIANCE OFFICER.** On November 16, 2012, Quinex President John H. Wells assumed responsibility for overseeing and implementing Quinex's ethics, compliance, and safety programs as Quinex's Compliance Officer. The Compliance Officer will be responsible for monitoring compliance with (a) the Quinex Code of Ethics and Conduct and (b) this Agreement. The Compliance Officer will maintain a confidential record that identifies all contacts made to the toll-free hotline and all matters reported to the Compliance Officer. The record will include, at a minimum, the nature of the reported conduct, the results of any internal investigation, and any corrective action taken by Quinex. The Compliance Officer will establish a policy for how internal investigations are to be conducted. The Compliance Officer will provide a copy of this policy to the DOI and DOI OIG. The Compliance Officer will report to the Board of Directors, at least twice a year, concerning the Quinex Code of Ethics and Conduct, related training, and Quinex's adherence to this Agreement. The Compliance Officer will be available to the DOI to respond to inquiries with regard to Quinex's compliance with the Quinex Code of Ethics and Conduct and any of the requirements of this Agreement.

13. **REPORTING.** Quinex and Paul A. Wells will submit a semiannual written report to the DOI Suspending and Debaring Official and DOI OIG. The first report will be due **six (6) months** after the Effective Date of this Agreement, and subsequent Reports will be made every **six (6) months** thereafter. Should Quinex determine that more time is necessary for any report, Quinex may request an extension of no more than **thirty (30) calendar days**, subject to the DOI's approval. In each report, Quinex will describe the measures it has taken to comply with this Agreement. Each report will include:

- (a) Compliance and ethics training conducted and the names of the persons who attended;
- (b) Informal notifications or initiatives related to the Quinex Code of Business Ethics and Conduct and related training;
- (c) Any significant changes in the directives, instructions, or procedures implemented in furtherance of Quinex's Code of Business Ethics and Conduct, or any successor policy;
- (d) The status of any Federal or state investigation or audit of which it is aware of Quinex's own conduct or the conduct of its principals, employees and/or former employees that might be imputed to Quinex, and legal proceedings related to such investigation resulting in search warrants, subpoenas, criminal charges, or civil agreements with governmental

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agencies (excluding EEOC or State Human Rights Commission issues, Department of Labor wage and hour issues, and other such complaints, issues or settlements unrelated to Federal Government contracting or Federal or Indian nonprocurement compliance matters);

(e) A listing of Federal audits and related actions (routine or otherwise) during the period;

(f) Hotline activity and other investigations by the Compliance Officer. The report will summarize each complaint made to the hotline, and all other allegations of Federal Government contracting and Federal and Indian lease related misconduct reported to the outside consultant. The report will include, at a minimum, the nature of the reported or suspected misconduct, the results of the internal investigation, and any corrective action taken by the Company. Subject to the attorney-client privilege and reporting party confidentiality, details on each complaint will be made available to the DOI upon request;

(g) Paul A. Wells's compliance with the terms of paragraphs 3 and 4 above; and

(h) Any other information required by this Agreement.

14. **THIRD-PARTY MONITOR.** Quinex agrees that until the expiration of this Agreement, it will retain at its own expense an independent third-party ("Monitor") to evaluate and monitor Quinex's compliance with the terms of this Agreement.

(a) Retention, Approval and Administration

(1) The Monitor is an independent third party, and not an employee or agent of the Quinex. If the Monitor is an attorney, no attorney-client relationship will be formed or deemed to exist between the Monitor and Quinex. The DOI will endeavor to select a highly-qualified Monitor, free of any potential or actual conflict of interest, and suitable for the assignment at hand, from a pool of candidates proposed by Quinex. Quinex will have **thirty (30) calendar days** from the Effective Date of this Agreement to propose candidates to the DOI. The SDO may extend this period as she deems necessary. The DOI and Quinex will endeavor to complete the Monitor selection process within **forty-five (45) days** of the Effective Date of this Agreement. If Quinex wishes to change the Monitor, it will seek the agreement of the DOI and any new Monitor will be mutually agreed to by Quinex and the DOI. The DOI will make efforts to approve/select a Monitor with the following qualifications: (i) access to the sufficient resources to carry out the duties of the Monitor as described in this Agreement; (ii) expertise in corporate compliance and ethics programs; (iii) experience with internal investigation or the investigative process in a prior capacity; (iv) absence of a prior relationship with Quinex for the three (3) years preceding this Agreement (unless such relationship was/is as a Monitor for Quinex); and (v) absence of a conflict of interest relative to the DOI based on involvement in other matters. The following qualifications will also be considered: (i) prior monitorship or corporate oversight experience; (ii) experience with the Federal regulations, requirements and standards associated with Federal Government and Indian oil and gas leases; and (iii) experience evaluating and improving Corporate Compliance and Ethics Programs. Quinex

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agrees that it will not employ or be affiliated with the Monitor for a period of not less than one (1) year from the date the monitorship is terminated.

(2) As reasonably necessary for the purpose of verifying and evaluating Quinex's compliance with the terms of this Agreement, the Monitor will examine Quinex's non-privileged books, records, and other documents and supporting materials. Such materials will be made available by Quinex during normal business hours for inspection and review. The Monitor will report promptly to the DOI and DOI OIG any refusal by Quinex to provide the requested access.

(3) The Monitor may interview any Quinex manager or employee who consents to be interviewed during normal business hours or at such other place and time as may be mutually agreed between the manager or employee and the Monitor. Such meetings should be conducted in person, but may be done telephonically or as otherwise deemed appropriate by the Monitor in his or her sole discretion. Quinex will use its best efforts to have its managers and employees cooperate fully and meet with the Monitor, without representatives of Quinex or its counsel present. The Monitor will be empowered to offer anonymity to all persons he or she interviews, absent a concern for injury to persons, threats against life or property, or the receipt of information that cannot be otherwise independently verified or developed.

(4) If requested by the Monitor, Quinex will provide the Monitor and his or her staff with suitable and secure office space at Quinex's headquarters or as otherwise required by the Monitor. Such space will include furniture, network access, internet access, equipment and supplies. Quinex will also provide the Monitor with adequate enclosed conference room space or access for confidential meetings with Quinex employees or as otherwise deemed necessary by the Monitor.

(5) Quinex will not take any measures to monitor the Monitor's activities or communications with any persons, either live or after the fact.

(6) Quinex will pay timely all fees, costs and expenses (including travel and associated costs) of and associated with the Monitorship. The Monitor will submit itemized invoices to Quinex with a reasonable description of work performed in connection with all fees, costs and expenses.

(7) Failure to cooperate fully and promptly with the Monitor's inquiries, document and information requests, and other monitoring activities may be considered a material breach of this Agreement and may result in the DOI reinstating the proposed debarment of Quinex.

(b) Duties.

(1) The Monitor will verify Quinex's compliance with the term and conditions of the Agreement and evaluate the effectiveness of such compliance. The Monitor will design a work plan that generally outlines his or her expectations as to the amount and type of testing necessary for the Monitor to verify and evaluate Quinex's compliance with the terms of this Agreement. The Monitor will review the work plan with Quinex and the DOI, make any

adjustments that the Monitor deems appropriate, and seek approval from the DOI prior to execution of the work plan.

(2) The Monitor will conduct an initial assessment of the ethical tone at Quinex and conduct such ongoing assessments in each reporting period.

(3) Pursuant to paragraphs 14(c)(3) and 15 below, the Monitor will verify Quinex's compliance with the Monitor's recommendations and evaluate the effectiveness thereof.

(c) Reports

(1) The Monitor will report to and be responsible to the DOI, and will be free to communicate with the DOI without interference or participation by Quinex. The DOI and Monitor may communicate on a confidential and informal basis, and without disclosure to Quinex.

(2) The Monitor will promptly report to the DOI and DOI OIG all instances of non-timely responses, non-compliance and non-adherence to the recommendations and request of the Monitor

(3) The Monitor will provide written reports ("Reports") to the DOI, DOI OIG, and Quinex on a semiannual basis concerning Quinex's compliance with this Agreement. In the Reports, the Monitor will make recommendations to Quinex of actions that the Monitor reasonably believes are necessary for Quinex to effectively comply with the Terms and Conditions of this Agreement and otherwise fulfill Quinex's commitment to exemplary corporate citizenship, best practices of effective corporate governance, the highest principles of honesty and professionalism, the integrity of the Federal Government and Indian oil and gas leasing process, and a culture of openness, accountability, and compliance throughout Quinex. The first report will be due six (6) months after the Effective Date of this Agreement, but in any event, no less than sixty (60) days after the appointment of the Monitor, and subsequent Reports will be made every six (6) months thereafter. Should the Monitor determine that more time is necessary for any Report, he or she may request an extension of no more than thirty (30) days, subject to the DOI's approval. The Monitor will also submit any additional Reports to the DOI, DOI OIG, and Quinex as necessary and/or be available to respond to inquiries as necessary.

(4) The Monitor will report immediately the following types of alleged or actual misconduct directly to the DOI and not Quinex : (i) any misconduct that poses a significant risk to the public health or safety; (ii) any misconduct that involves senior management of Quinex; (iii) any misconduct that involves obstruction of justice; (iv) any misconduct that involves a violation of any Federal or state criminal statute, or otherwise involves criminal activity; (v) any misconduct that otherwise poses a significant risk of harm to any person or to any Federal or state entity or program; and (vi) any efforts by Quinex or its employees or agents to impair or impede the work of the Monitor. The Monitor is under no obligation to provide such report or anticipated report to Quinex. In instances where the Monitor deems allegations of misconduct as not credible or involving actions of individuals outside the scope

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of Quinex's business operations, the Monitor may decide, in the exercise of the Monitor's discretion, that the allegations need not be reported directly to the DOI

(5) The form of the Monitor's semiannual Reports will be as agreed to by Quinex and the DOI. Such semiannual Reports need not be written narratives, so long as each semiannual Report, in itself or with verbal presentation, sufficiently informs the DOI of Quinex's compliance with this Agreement. The Monitor's final Report will be a written narrative Report that addresses Quinex's compliance with each term of the Agreement and all adopted recommendations from prior Reports. The final Report should include any further recommendations as well.

(6) The DOI and Quinex will meet, along with the Monitor, within **thirty (30) calendar days** of each Report to discuss each Report's findings and recommendations. Within **thirty (30) calendar days** following such meeting, the Monitor will meet with Quinex's Board or otherwise appropriate leadership designated by the Board to discuss the findings and recommendations in each Report, Quinex's progress to date, and Quinex's ongoing compliance with the Terms and Conditions of the Agreement and the Monitor's recommendations.

(d) Disputes.

Quinex and the Monitor should first work together to resolve any concerns or disputes that Quinex may have about the Monitor's work (i.e., scope, performance, etc.). If Quinex and the Monitor cannot resolve their dispute(s), Quinex and the Monitor will present their dispute(s) to the DOI for its consideration and final decision. Any dispute that is not resolved by Quinex and the Monitor within **five (5) business days** will be submitted promptly to the DOI for resolution.

(e) Early Termination of Monitoring.

Quinex may petition DOI for early termination of monitoring after 18 months of successful compliance with the terms of this Agreement and upon written certification of such compliance and with approval of the Monitor.

15. **ADOPTING RECOMMENDATIONS OF THE MONITOR.** Quinex will have **ten (10) calendar days** after it receives a Report to object in writing to the DOI regarding any recommendations made by the Monitor. Such written objections will set forth the recommendation, the basis for the objection, and any proposed alternative resolution to address the recommendation. Any recommendation not objected to within this time frame will be considered accepted by Quinex as a required action, subject to the Terms and Conditions of this Agreement and ongoing monitoring by the Monitor. If Quinex's objections cannot be resolved directly with the Monitor, Quinex and the Monitor will present the issue to the DOI for its consideration and final decision.

16. **DOCUMENTATION.** Quinex and Paul A. Wells will maintain documentation sufficient to demonstrate compliance with the requirements of this Agreement

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17. **GOVERNMENT INVESTIGATIONS AND AUDITS.** In addition to the periodic written reports required under paragraph 13, Quinex and Paul A. Wells will notify the DOI and DOI OIG within five (5) business days of the time Quinex and/or Paul A. Wells learns of (a) the initiation of any criminal or civil investigation into the conduct of Quinex or Paul A. Wells by any governmental entity; (b) the service of subpoenas of which Quinex or Paul A. Wells is the subject that relate to the responsibility of Quinex or Paul A. Wells as holders or operators of Federal Government or Indian oil and gas leases, (c) the service of search warrants and/or searches of which Quinex or Paul A. Wells are the subject, (d) the criminal indictment of Quinex or any of its officers, or the criminal indictment of Paul A. Wells, and (e) the initiation of any non-routine audit of Quinex by any Federal agency.

18. **SUBMISSION OF REPORTS TO THE DOI'S OFFICE OF NATURAL RESOURCES AND REVENUE (ONRR).** Quinex will fulfill the requirements to submit accurate, complete, and timely information to ONRR according to the requirements at 30 C.F.R. § 1210.

19. **INELIGIBLE INDIVIDUALS.** Quinex will develop an internal policy that Quinex will not knowingly hire an individual who is suspended or debarred or otherwise declared ineligible for Federal programs to work as an agent, representative, or principal, including being a key employee, to work on any Federal procurement or nonprocurement award. In order to carry out the policy, Quinex will review the System for Award Management at <http://www.sam.gov> in connection with any new hire, and it will include a question seeking this information on its standard employment application that is provided to affected applicants.

20. **RELEASE.** Quinex and Paul A. Wells hereby release the DOI, its agents and employees in their official and personal capacities of any and all liability claims arising out of or related to the DOI OIG investigation, the Notices of Proposed Debarment, and the discussions leading to this Agreement and its administration.

21. **SUCCESSORS AND ASSIGNS.** The terms, conditions, and obligations of this Agreement will survive the reorganization of Quinex's corporate structure and will be fully binding upon any organization that is a successor in interest or an assign to substantially all of the assets or shares of Quinex. The successor or purchaser may request that the SDO review the need for continuation of the terms and obligations of this Agreement.

22. **COOPERATION.** When requested, Quinex will cooperate fully with any investigation of suspected wrongdoing involving Quinex's operations or activities and will encourage present and past employees of Quinex to make a candid disclosure of their personal knowledge of the facts and circumstances of any such suspected wrongdoing.

23. **REPRESENTATIONS.** Quinex and Paul A. Wells represent that all written materials and other information related to factual matters supplied to the DOI by Quinex and Paul A. Wells during the course of discussions preceding this Agreement are true and accurate to the best information and belief of Paul A. Wells and of Quinex's signatory to this Agreement. Quinex and Paul A. Wells understand that this Agreement is executed on behalf of the DOI in reliance upon the truth and accuracy of all such representations.

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24. NO WAIVER. Nothing in this Agreement limits the DOI or any other Federal agency from initiating administrative actions on unrelated matters, including suspension or debarment, should information indicating the propriety of such action come to the attention of the SDO or any other Federal agency.

25. BREACH. Quinex and Paul A. Wells and the DOI agree that the causes for proposed debarment survive the execution of this Agreement, and the DOI may initiate suspension and/or debarment proceedings against Quinex and Paul A. Wells on these grounds if there is a material breach of this Agreement. Quinex and Paul A. Wells and the DOI agree that repeated violations of non-material provisions of this Agreement may cumulative become a material breach of this Agreement. The DOI will provide written notice to Quinex and Paul A. Wells of any alleged failure to meet their material obligations under the terms of this Agreement. If the Respondents fail to submit an acceptable plan of corrective action to the DOI within fifteen (15) calendar days of receipt of such notice, or as otherwise permitted by the DOI, the DOI may recommend a suspension and/or debarment action be taken against Quinex.

26. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties regarding the Notices of Proposed Debarment of Quinex and Paul A. Wells and supersedes all prior agreements and understandings regarding those notices, whether oral or written, related to the subject matter hereof. However, this agreement does not affect or supersede the Agreement and Mutual Release between Quinex and DOI through the Bureau of Land Management regarding the modification of equalizer valves executed on August 4 and 5, 2011.

27. AUTHORITY OF THE UNITED STATES. The provisions of this Agreement in no way alter or diminish the rights and responsibilities of the United States to carry out its lawful functions in any proper manner.

28. AUTHORIZED SIGNATORIES. The signatory of each party is fully authorized to execute this Agreement and represents that he or she has the authority to bind the DOI and Quinex as the case may be.

29. SEVERABILITY. In the event that any one or more of the provisions contained in this Agreement are for any reason held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect the other provisions of this Agreement.

30. NOTICES. Any notices or information required hereunder will be in writing and delivered by facsimile with receipt or mailed by registered or certified mail, postage prepaid, as follows:

If to the DOI, to:

Debra E. Sonderman, Director
Office of Acquisition and Property Management
U.S. Department of the Interior
1849 C Street, NW Washington, DC 20240

Fax: 202-513-7645

If to DOI OIG, to: Stanley Stocker, Debarment Program Manager
Office of Inspector General
U.S. Department of the Interior
1849 C Street, NW
Washington, DC 20240
Fax: 202-219-1203

If to Quinex, to: John H. Wells, President
Quinex Energy Corporation
465 South 200 West, Suite 300
Bountiful, Utah 84010
Fax: 801-292-5858

If to Paul A. Wells, to: Paul A. Wells
Quinex Energy Corporation
465 South 200 West, Suite 300
Bountiful, Utah 84010
Fax: 435-722-9916

Or such other address as any party will have designated by notice in writing to the other party.

31. PUBLIC DOCUMENT. This Agreement is a public document.

32. FEDERAL AWARDEE PERFORMANCE AND INTEGRITY INFORMATION SYSTEM. Pursuant to the requirements of the Duncan Hunter National Defense Authorization Act of 2009, this Agreement will be entered into the Federal Awardee Performance and Integrity Information System.

33. CONTRACTOR PAST PERFORMANCE DATABASES. The DOI reserves the right to include the information concerning the misconduct that served as the basis for the Notices of Proposed Debarment in any Federal Government database concerning past performance such as, for example, the Past Performance Information Retrieval System.

34. HEADINGS. Section and paragraph headings are intended for the convenience of the parties and are not to be used to interpret this Agreement.

35. AMENDMENT. This Agreement may be amended or modified only by a written document signed by both parties.

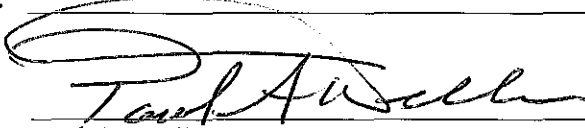
36. CERTIFICATION. By signature hereto, the individual executing this Agreement on behalf of Quinex certifies that he understands that the provisions of 18 U.S.C. § 1001 are applicable to the statements and representations contained herein.

37. EXECUTION. This Agreement may be executed in counterparts which, taken together, will have the same force and effect as a single instrument, and executed copies may be delivered electronically or via facsimile, with originals to follow as soon as practicable.

QUINEX ENERGY CORPORATION

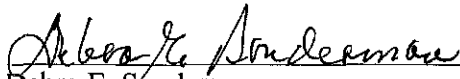
By: _____
John H. Wells
Title: President

Date: _____

By:  _____
Paul A. Wells
Title: In his individual capacity

Date: 2-10-15 2-10-15

UNITED STATES DEPARTMENT OF THE INTERIOR

By:  _____
Debra E. Sonderman
Title: Director, Office of Acquisition and Property Management

Date: 19 March 2015

37. EXECUTION. This Agreement may be executed in counterparts which, taken together, will have the same force and effect as a single instrument, and executed copies may be delivered electronically or via facsimile, with originals to follow as soon as practicable.

QUINEX ENERGY CORPORATION

By: 

John H. Wells

Title: President

Date: 2/9/2015


By: _____

Paul A. Wells

Title: In his individual capacity

Date: _____

UNITED STATES DEPARTMENT OF THE INTERIOR

By: 

Debra E. Sonderman

Title: Director, Office of Acquisition and Property Management

Date: 19 March 2015

