APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

NAME OF COMPANY OR OPERATOR
THE COBALT GROUP, LLC

Address City State Phone Number
PO Box 911900 St. George Utah 84791 800.337.0027

Drilling Contractor
Currently undecided

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor
AZ State Land Dept. Lease 13-116892

Well number
Cobalt 20-22-4-1

Elevation (ground)
5345.9'

Nearest distance from proposed location to property or lease line:
584.7 feet

Distance from proposed location to nearest drilling, completed or applied-for well on the same lease:

Number of acres in lease
640

Number of wells on lease, including this well, completed in or drilling to this reservoir:
1

If lease purchased with one or more wells drilled, from whom purchased.
Name Address

Well location (give footage from section lines)
584.7' FSL - 2160.6' FEL

Section - Township - Range or Block and Survey
SEC. 4, T- 20N, R - 22E, G&SRM

Dedication per A.A.C. R12-7-104(A)(1)
all of Sec. 4 - 20N 22E

Field and reservoir (if wildcat, so state)
Wildcat Navajo

Distance in miles and direction from nearest town or post office
N19-18E 13.5 miles from Exit 292 I-40

Proposed depth: Rotary or cable tools
4,000' Rotary

Bond status amount
attached $25,000

Remarks
The Cobalt Group, LLC holds 100% of all applicable adjoining leases. This area is considered wildcat. No other offset Operators exist to this well.

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the:

Manager of the
The Cobalt Group, LLC (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Mail completed form to:
Oil and Gas Program Administrator
Arizona Oil & Gas Conservation Commission
c/o Arizona Department of Environmental Quality
1110 W. Washington Street
Phoenix, AZ 85007

E-mail completed form to: azogcc@azdoe.gov

Permit/LTF No.: 1236/ 74880
Approval Date: January 18, 2019
Approved By: Dennis L. Turner

NOTICE: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Application to Drill or Re-enter

Form No. 3

(Complete Reverse Side)
1. Operator shall outline on the plat the acreage dedicated to the well in compliance with A.A.C. R12-7-107.

2. A registered surveyor shall show on the plat the location of the well and certify this information in the space provided.

3. ALL DISTANCES SHOWN ON THE PLAT MUST BE FROM THE OUTER BOUNDARIES OF THE SECTION.

4. Is the operator the only owner in the dedicated acreage outlined on the plat below?  **YES XX  NO ____**

5. If the answer to question four is no, have the interests of all owners been consolidated by communitization agreement or otherwise? **YES _____ NO ____** If answer is yes, give type of consolidation

6. If the answer to question four is no, list all the owners and their respective interests below:

<table>
<thead>
<tr>
<th>Owner</th>
<th>Land Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Cobalt Group, LLC</td>
<td>SE 1/4 S.4 T20NR22E GSRM</td>
</tr>
</tbody>
</table>

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**CERTIFICATION**

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Name: Todd Clement  Position: Manager  Company: The Cobalt Group, LLC  Date: 12/05/2018

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**I hereby certify that the well location shown on the plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.**

Date: 12-04-2018  Registered Land Surveyor: Daniel R. Muth PLS  Certificate No: AzRLS 31028

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**PROPOSED CASING PROGRAM**

<table>
<thead>
<tr>
<th>Size of Casing</th>
<th>Weight</th>
<th>Grade &amp; Type</th>
<th>Top</th>
<th>Bottom</th>
<th>Cementing Depths</th>
<th>Sacks Cement</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.75&quot;</td>
<td>32</td>
<td>H-40</td>
<td>GL</td>
<td>20'</td>
<td>GL - 20'</td>
<td>12 sks</td>
<td>Ready mix</td>
</tr>
<tr>
<td>7&quot;</td>
<td>20</td>
<td>J-55</td>
<td>GL</td>
<td>750'</td>
<td>GL - 750'</td>
<td>132 sks</td>
<td>Prem. Light</td>
</tr>
<tr>
<td>4.5&quot;</td>
<td>10.5</td>
<td>J-55</td>
<td>GL</td>
<td>2500'</td>
<td>GL - 2500'</td>
<td>190 sks</td>
<td>Prem. Light</td>
</tr>
<tr>
<td>2.875&quot;</td>
<td>6.4</td>
<td>J-55</td>
<td>GL</td>
<td>4000'</td>
<td>GL - 4000'</td>
<td>110 sks</td>
<td>Prem. Light</td>
</tr>
</tbody>
</table>
CERTIFICATE for PERMIT to DRILL an
OIL, GAS, INJECTION or GEOTHERMAL WELL

PERMIT NUMBER 1236

Has been issued to The Cobalt Group, LLC
to drill a well known as Cobalt 20-22-4 #1 State 13-116892
located 2160 FEL 584 FSL

Section 4 Township 20N Range 22E, Navajo County, Arizona, G & SR M.
The entirety of Sec 4, T20N, R22E (640 acres) of said Section, Township and Range is dedicated to
this well.

Said well shall be drilled substantially as described in the Application and as approved
and restricted by the AOGCC’s letter dated February 1, 2019. The Cobalt Group, LLC
is subject to terms and conditions of the permit to drill and all applicable Arizona
Revised Statutes (A.R.S.) Title 27, Chap. 4, Art. 1 and 4, and the Arizona Administrative
Code (A.A.C.) R12-7-104, R12-7-106 to 120 and R12-7-175 to 176.

Total depth: 4,000 feet Approval date: January 18, 2019
API No.: 02-017-20125 Expires*: July 17, 2019

*The permit to drill expires if operations are not commenced within
180 days from date of approval (see A.A.C R12-7-104(D))

Dennis L. Turner, Oil & Gas Program Administrator
(602)771-4501

OPERATOR SHALL DISPLAY THIS CERTIFICATE IN A CONSPICUOUS PLACE ON-SITE