APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

THE COBALT GROUP, LLC

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 Depat. Lease 13-116895

Well number:
Cobalt 20-22-8-1

Elevation (ground):
5378.7'

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

Number of acres in lease:
640

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

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

Field and reservoir (if wildcard, so state):
Wildcat

County:
Navajo

Distance in miles and direction from nearest town or post office:
N15°42′E 12.1 miles from Exit 292 I-40

Proposed depth:
2,500'

Rotation or cable tools:
Rotary

Organization Report:
On file

Approximate date work will start:
Upon Approval

Bond status:
attached

Amount:
$25,000

Remarks:
The Cobalt Group, LLC holds 100% of all adjoining leases. This area is considered wildcard. No other offset Operators exist to this well (see attached).

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.

Signature:
9/10/2018

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@azdeq.gov

Permit No.: 1232

Approval Date: Oct. 24, 2018

Approved By:  [Signature]

NOTICE: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.
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>SW1/4 S8 T20NR22E G&amp;SRM</td>
</tr>
</tbody>
</table>

**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**

9/10/2018

**Date Surveyed**

09-10-2018

**Registered Land Surveyor**

Daniel R. Muth PLS

**Certificate No.**

AzRLS 31028

**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>13.375&quot;</td>
<td>48</td>
<td>H-40</td>
<td>GL</td>
<td>20'</td>
<td>GL - 20'</td>
<td>14 sks</td>
<td>Ready mix</td>
</tr>
<tr>
<td>9.625&quot;</td>
<td>36</td>
<td>J-55</td>
<td>GL</td>
<td>750'</td>
<td>GL - 750'</td>
<td>148 sks</td>
<td>Prem. Light</td>
</tr>
<tr>
<td>7&quot;</td>
<td>23</td>
<td>J-55</td>
<td>GL</td>
<td>2500'</td>
<td>GL - 2500'</td>
<td>236 sks</td>
<td>Prem. Light</td>
</tr>
</tbody>
</table>
CERTIFICATE for PERMIT to DRILL an
OIL, GAS, INJECTION or GEOTHERMAL WELL

PERMIT NUMBER 1232

Has been issued to The Cobalt Group, LLC
to drill a well known as Cobalt 20-22-8 #1 State 13-116895
located 2407 FWL 373 FSL

Section 8 Township 20N Range 22E, Navajo County, Arizona.
The entirety of Sec 8, 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 October 31, 2018. 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: 2,500 feet Approval date: October 26, 2018

API No.: 02-017-20121 Expires*: April 24, 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